The Dissertation Committee for Manuel Elías Balán Certifies that this is the approved version of the following dissertation:

Today's Allies, Tomorrow's Enemies? The Political Dynamics of Corruption Scandals in Latin America

Committee:

Kurt Weyland, Supervisor

Daniel Brinks

Zachary Elkins

Kenneth Greene

Wendy Hunter

Raul Madrid

Adam Przeworski

Today's Allies, Tomorrow's Enemies? The Political Dynamics of Corruption Scandals in Latin America

BY

Manuel Elías Balán, LLB

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Dedication

A mis padres, Elizabeth Jelín y Jorge Balán,

a mi hermano Pablo Balán, y

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Today's Allies, Tomorrow's Enemies? The Political Dynamics of Corruption Scandals in Latin America

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In the last two decades, corruption has become a key concern throughout the world. Most of what we know about corruption comes from instances in which misdeeds become public, usually generating a scandal. Why do some acts of corruption become corruption scandals and others do not? This dissertation argues that scandals are not triggered by corruption per se, but are initially caused by the dynamics of political competition within the government. Government insiders leak information on misdeeds in order to increase their influence within the coalition/party in power. A powerful opposition, contrary to common beliefs, acts as a constraint for insiders, making corruption scandals less likely.

In order to advance this central argument, this dissertation divides the temporal development of corruption scandals into four stages and proposes a formal model that analyzes the interactions of government insiders and the political opposition. The arguments and hypotheses generated are then evaluated using empirical evidence from

two paradigmatic Latin American cases, Argentina and Chile, from 1989 to 2010. The findings support the notion that corruption scandals emerge as a consequence of political competition.

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CHAPTER 1: INTRODUCTION

From Japan to Brazil, and from the United States and Mexico to Italy and Nigeria, corruption scandals are proliferating and shaking politics around the world. News on corruption receive plenty of public attention, making it one of the most pressing issues for democracies in recent decades, particularly in developing nations, but also in developed countries. What explains the emergence of corruption scandals? Most observers focus on journalists, the media, or civil society as the actors who trigger scandals by digging up and revealing "dirt" on public officials. Other authors, disregarding empirical evidence that suggests that corruption scandals do not seem to necessarily co-vary with corruption, argue that growing levels of corruption generate more corruption scandals, as there are more events that if disclosed can generate public upheaval. This dissertation advances the argument that corruption scandals are politically motivated, as government insiders leak information on other public officials in order to compete for power and resources. Hence, corruption scandals are much less about morality, increased malfeasance, or the creation of control mechanisms. Instead, they are mainly about political struggles.

Few regions in the world have been as affected by corruption scandals as Latin America. In fact, since the return to democracy in the eighties, even countries such as Chile and Uruguay—usually held up as the region's golden examples when it comes to clean politics—saw the stability of their political sphere threatened by the disclosure of

corruption. Across the region, the political consequences of corruption scandals have gone from presidential impeachment processes (e.g. Fernando Collor de Mello in Brazil, Carlos Andrés Pérez in Venezuela) and former presidents facing time in prison (e.g. Carlos Menem in Argentina), to the indictment of high level political figures (e.g. María Julia Alsogaray in Argentina, Enrique Braga in Uruguay) and overall declines in public support (e.g. Fernando de la Rúa in Argentina). In yet other cases, politicians survive surprisingly unscathed despite many allegations that affect close collaborators or political allies (e.g. Lula da Silva in Brazil). However unpredictable their consequences may be, it is clear that corruption scandals are already a defining feature of Latin American democracies, and that the early 1990´s marked the beginning of an "age of corruption scandals" that is far from over.

Why does corruption come to light and produce scandals? Perhaps surprisingly, few researchers (Nyhan 2009) have devoted attention to understanding the political factors that explain the emergence of corruption scandals. Instead, many scholars have focused on understanding underlying conditions that make corruption and other scandals possible. For instance, Waisbord (2000: 216) points out that "all scandals are media scandals," highlighting the key role of the media in making information available to a larger audience. Similarly, Thompson (2000: 31, 78) characterizes corruption scandals as part of a new form of scandal, "mediated scandals," which emerges at least partly from an increased inclination by the media to create scandals. In another vein, some authors have argued that corruption scandals are a consequence of higher levels of actual corruption (Weyland 1998: 108-121). According to this view, the "age of scandal"

coincides with an "age of corruption," where the pool of public misdeeds is larger than ever before. Certainly, both some level of media activity as well as of actual corruption are necessary conditions for corruption scandals and can hence help account for the emergence of this overall "age of scandal."

However, these factors fail to explain what triggers specific corruption scandals and why certain periods seem to be more prone to scandals than others. If modern media is shaped to generally produce scandals (Thompson 2000: 78), and if corruption is as systemic and widespread as suggested by most specialists, what explains why certain acts of corruption come to light, while others remain in the dark, without society finding out? In other words, since "damaging information can be found on almost anyone" (Tumber and Waisbord 2004c: 1034), which guarantees the constant existence of potentially scandalous corruption, and since nowadays "investigative journalism has gone mainstream" (Waisbord 2000: xiii), why do some acts of corruption become public and others do not? Determining the political factors that trigger corruption scandals seems a necessary question in order to better understand and interpret their consequences and importance. Furthermore, given that most of what we know about corruption comes from the instances in which this corruption becomes public, understanding how corruption scandals come to light can be particularly helpful in designing and implementing anti-corruption policies. As Bornstein (1994: 271) points out, scandals provide "precious moments" in which "the inner workings of a political system are suddenly made visible to those outside the tiny circle of privileged insiders."

This dissertation seeks to explain how corruption comes to light, analyzing corruption scandals that reached national level in Argentina and Chile from 1989 to 2010. The central argument of this thesis is that corruption scandals are triggered by dynamics of political competition. This study makes the case that government insiders are in the privileged position of having access to information that is not generally available, constituting reliable sources of information. In fact, even authors who emphasize the role of watchdog journalism in exposing corruption scandals recognize that "had [the insiders] not come forward with sensitive and compromising information, most reporters agree, it is doubtful that most *exposés* would have ever surfaced" (Waisbord 2006: 196). More specifically, I argue that divisions within the party or coalition in power generate incentives for members of the government to leak information on official wrongdoings as a way to gain power within the government. However, insiders also face constraints, as the resulting corruption scandals may lower the credibility and popularity of the government overall, and not just of those involved in the specific corruption scandal. Therefore, the existence of a strong opposition that poses an electoral threat to the party or coalition in power may constrain insiders potentially looking to leak information.

Thus, this dissertation analyzes the dynamics of intra-government and inter-party competition, arguing that there are more corruption scandals under specific configurations that make insiders more likely to leak information on official wrongdoings. As a result, and contrary to existing theories that argue that watchdog media uncover corrupt acts generating scandals (Waisbord 2000, 2004), or that either horizontal accountability mechanisms or societies (Peruzzotti and Smulovitz 2006; Pérez-

Liñán 2007) control government actions and discover wrongdoings, this dissertation posits that corruption scandals are originally politically motivated: government insiders leak damaging information on other political actors as part of intra-government political competition for power and resources. The media and control agencies become important at a later point in time, reacting to politically motivated leaks.

Understanding corruption scandals also sheds light on corruption itself, and the emergence of corruption scandals may in fact have an impact on actual corruption. But despite remaining deeply intertwined, corruption and corruption scandals are distinct concepts that should be distinguished. For instance, most existing measures of actual corruption, such as the CPI calculated by Transparency International, rely on either experts´ or societies´ perceptions of corruption. Arguably, these perceptions are at least partly shaped by the publicity of corruption: people reasonably believe that there is more corruption after a corruption scandal occurs. Hence, the emergence of scandals may be affecting the most widely used measures of corruption, which may be problematic, particularly if—as argued here—more corruption does not necessarily lead to more corruption scandals.

DISTINGUISHING CORRUPTION AND CORRUPTION SCANDALS

The key conceptual difference between corruption and corruption scandals is that corruption implies certain actions taking place, while a corruption scandal implies the public disclosure of a misdeed and the resulting public outcry and political controversy over this misdeed. In fact, corruption that does not trigger a scandal can be considered to

be “successful” corruption, in the sense that it achieves secrecy, which is—or should be—a key concern of those committing the corrupt acts. This distinction also requires clear definitions of corruption and scandal.

The notion of corruption varies according to the historical and geographic setting. As Della Porta and Vanucci (1999: 16) point out, “in a classical conception, political corruption indicated the degeneration of the political system in general.” Later on, political corruption started to be considered more as a specific pathology than a general disease (Friedrich 1972: 135). As the scope of politics broadened, the conception of corruption narrowed, referring to specific actions by specific individuals (Johnston 1996: 332). Nowadays, the most commonly used definition, at least in the Western world, is that corruption refers to the “misuse of public office for private gain” (Nye 1967: 417-427). As Thompson (2000: 28) points out, this definition involves two elements: the infringement of rules or laws and the perversion of the standards of integrity associated with public office. Of course, this definition is potentially ambiguous, as it introduces notions that may have different meanings depending on historical and geographic contexts. For instance, the distinction between private and public spheres is far from the same across the globe. Similarly, the misuse of public office implies the previous existence of some standards of behavior, which need to be evaluated regarding the specific social and legal rules that are regarded as valid at a given time and place. There is certainly a danger if analysists apply the same standards of conduct everywhere, without being aware of the fact that accepted practices vary greatly throughout time and

space.[1] With these caveats in mind, this dissertation employs the widely used definition provided by Nye, which despite its flaws remains parsimonious and useful. More specifically, this study focuses on cases of corruption committed by members of the governing coalition.

The origin of the term scandal was related to religion, as the "conduct of a religious person which brought discredit to religion" or that "hindered religious faith or belief" (ibid: 12). Nowadays, scandal is used to describe a broader form of moral transgression, not linked only to religious codes. In this way, scandals are defined as actions or events involving certain kinds of transgressions, which become known to others. Hence, for a scandal to occur transgressions must become public and draw an outcry from nonparticipants. Throughout the period under study, this publicity necessarily involves a media component; scandals must appear in newspapers, television, etc. in order to be such. In other words, contemporary scandals are mediated scandals. As defined here, there are many types of mediated scandals,[2] of which corruption scandals are only a subcategory.

Combining the definitions of corruption and of scandal, corruption scandals imply both a misdeed that constitutes corruption as well as its public disclosure. In other words, and following Theodore Lowi's (Markovitz and Silverstein 1988: vii) definition, corruption scandals can be defined as "corruption revealed" that generates a controversy.

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[1] This is part of the problem of one-size-fits-all anticorruption policies, which are almost always part of the packaged proposals of international organizations.

[2] Thompson (2000) distinguishes three basic types of scandals: sex scandals, financial scandals, and power scandals, which encompass corruption scandals.

PREVIOUS RESEARCH ON CORRUPTION SCANDALS

For all the news coverage and public attention they generate, one would expect corruption scandals to be widely studied and deeply understood phenomena. But that is not the case. A multi-disciplinary look at the existing literature reveals that most research focuses either on journalistic/political *post-hoc* narratives that rely on "psychological explanations of individual behavior" (Nyhan 2009: 2) or on studies that analyze how the media covers corruption scandals. The former group even constitutes a literary genre of its own in some Latin American countries such as Argentina or Brazil. Most of these studies provide important and useful accounts of how specific events unfolded, but generally lack a wider theoretical framework that would allow us to arrive at broader conclusions about the causes of corruption scandals more generally (for some examples, see Abiad 2007, Conti 1999, Martins 2005, Rodrigues 2006, Santoro 1996, 1998, Verbitsky 1991a). The latter group understands corruption scandals as events linked to the emergence of a new media, hence leaving politics in the background. In this vein, while Waisbord (2000) links scandals in Latin America to investigative and watchdog journalism, Thompson (2000) analyzes political scandals in the United States and Britain connecting their emergence to the broad development of communication media. Then, in studies with more limited scope, Di Tella and Franceschelli (2009) attempt to explain variations in how different Argentinean newspapers cover corruption scandals by focusing on the public advertising funds received by each individual newspaper, and Peruzzotti (2006) analyzes the Senate scandal in Argentina in terms of the role of the media and its connection to the social accountability of political figures.

The media is undoubtedly a part of the picture when analyzing corruption scandals. However, none of these studies integrates the role of politics and political competition, which as will be argued, constitutes a decisive element of analysis in understanding how corruption scandals come to light.

Strictly within comparative political science, several authors have touched on scandals—not only corruption scandals—but typically analyzing their effects more than their causes. For instance, Pérez-Liñán (2007) and Hochstetler (2006) examine the impact of political and corruption scandals on cases of presidential impeachment and downfalls. Manzetti and Blake (1996) focus on specific corruption scandals in Argentina, Brazil, and Venezuela arguing that these scandals provide evidence for the emergence of new corrupt schemes related to the enactment of neoliberal policies. Other scholars who specialize in politics in the United States have also included scandals in their studies, although once again mostly as an independent variable.[3] Perhaps the sole exception is the work by Nyhan (2009), who, also focusing on the United States, seeks to explain presidential scandals as a function of the president's popularity among opposition identifiers. In contrast to the arguments advanced in this dissertation, Nyhan's analysis suggests that the opposition plays a key role in denouncing presidential wrongdoing. Despite Nyhan's valuable addition, the causes of corruption scandals in Latin America and elsewhere remain poorly understood.

[3] For some examples, see Cameron and Segal (2001), Meinke and Anderson (2001), Krutz et al. (1998). For a comprehensive review of this body of literature, see Nyhan (2009).

Finally, some authors provide more normative interpretations of corruption scandals, considering them as either good or bad for democracy. Markovitz and Silverman (1988) offer a positive evaluation of corruption scandals, considering them an indication of a healthy democracy where politicians are accountable for their actions. Hence, corruption scandals would signal that democratic checks and balances are working, which distinguishes liberal democracies from authoritarian regimes. Conversely, Ginsberg and Shefter (1990) focus on the US and argue that the increasing proliferation of scandals is an aspect of a new post-electoral era, where mechanisms such as congressional investigations, media revelations, and judicial proceedings are used politically to compete. According to this view, the practice of "politics by other means" hurts democracy by weakening political mechanisms of accountability and contributing to the decay of elections, the main instrument of political accountability (Peruzzotti 2006: 251).

The arguments and evidence presented in this dissertation suggest that the emergence of corruption scandals resists interpretations that label them strictly as either negative consequences of growing levels of corruption, or as positive outcomes of more effective societal or governmental control mechanisms. Corruption scandals are in fact a consequence of the way in which political systems channel conflict and dissent within parties or coalitions in government. In other words, scandals are a byproduct of political competition.

A NOVEL FOCUS ON POLITICAL COMPETITION

The study of political competition and conflict is at the core of political science as a discipline. While plenty of studies have focused on different aspects of political competition—from literature on political parties (Panebianco 1988) and party systems (Cox 1997), to spatial analyses of voting behavior (Roemer 2001) and others—this study is mostly interested in the impact that competition both within the party or coalition in power and between the government and the opposition, has over insiders. This approach combines insights from both institutional arguments and spatial analyses, seeking to provide an overall assessment of the levels of competition during each period under analysis.

Here I will argue that intra-government competition provides incentives for insiders to leak potentially damaging information. However, until fairly recently, the analysis of the formation of government coalitions—and hence the study of competition within parties or coalitions—was mostly focused on parliamentary regimes (Altman 2000: 259). This dissertation builds on a growing literature that focuses on intra-party and intra-coalition dynamics—referred to as "factionalism" by Belloni and Beller (1976)—in presidential systems (Cheibub et al. 2004; Altman 2000). Following existing trends in this literature, the assessment of intra-government competition is based on the analysis of cabinet formation (Figueiredo Cheibub 2007; Meneguello 1998), or voting patterns in congress (Kellam 2006; Jones et al. 2009), and thorough archival and historical research (including interviews with main political brokers) on the specific political parties and politicians under analysis. It is also important to point out that this study, following

Belloni and Beller (1976), draws parallels between the formation of coalitions and of parties themselves. The difference is a matter of aggregation: while coalitions are formed by parties, parties are composed of factions. However, this distinction does not inherently imply the existence of different dynamics (Rose 1964; Nicholas 1965). The internal divisions might be clearer and starker in coalitions than in parties, but the dynamics are similar and hence comparable.

This study also analyzes dynamics of political competition at the party system level, assessing the electoral threat posed by the opposition. This part of the analysis is based on electoral data, public opinion data (support for the government party or coalition and for the opposition), and voting patterns in Congress. Furthermore, the existing body of literature that focuses on inter-party competition and its determinants (Cox 1997; Roemer 2001) will aid the analysis and provide theoretical support for understanding configurations of inter-party political competition.

RESEARCH DESIGN

This project is a theoretically informed, comparative analysis that explores and assesses the causes of corruption scandals in two Latin American countries: Argentina and Chile. It covers almost two decades in each country, looking at the period from 1989 to 2010, which includes most major modern corruption scandals in the countries under study. This dissertation employs a variety of analytic methods, including formal modeling, analysis of quantitative data, and in-depth case studies informed by extensive field work, archival research, and interviews with politicians, journalists, technocrats, and

civil society activists to develop and test its central argument. The object of combining these methodological approaches is to gain greater leverage than would be afforded by a single methodological approach (Tarrow 1995). Overall, this combination of formal modeling, analysis of quantitative data, and in-depth qualitative analysis allows me to ameliorate the weaknesses of each individual methodology by leaning on the strengths of the others.

I employ a simple version of formal modeling in order to provide a concise presentation of the main argument, which allows me to identify the evidence that will be necessary for assessing the proposed theory. The argument presented to explain corruption scandals rests on the strategic interactions of political elites, which appears to fit well in the domain for which rational choice approaches are most appropriate according to Tsebelis (1990). As O'Neill (2005: 12) points out, "the assumptions of rational choice are most likely to obtain when decisions are being made by a selected few individuals who interact repeatedly and for whom the issues at stake are particularly salient." Furthermore, using a deductive theory that clarifies its assumptions about the motives of political actors can prove extremely helpful in understanding behavior that is usually concealed, as insiders who leak information may have an interest either in remaining anonymous or in misrepresenting their political motives.

In order to test the theory, this project combines the analysis of quantitative data with in-depth case studies used to provide a longitudinal analysis of each of the countries under study. The quantitative portion of this study analyzes broader trends of corruption scandals, and assesses the explanation proposed for corruption scandals. To conduct this

study, I created a database on corruption scandals based on seventeen years of the newsletter *Latin American Weekly Report* (*LAWR*). Published by Oxford Press, the Weekly Report provides "timely and concise risk-oriented briefing" (www.latinnews.com/lwr_/LWR_2315.asp). As corruption is perceived as taxing on investments, *LAWR* is prone to covering scandals, but it reports only the most important events given its weekly format. The analysis of *LAWR* generates a dataset with a natural bias toward more dramatic events. Since this project's focus is on major, national level corruption scandals, *LAWR* offers a reliable and appropriate source that captures the relevant events to score the dependent variable. Furthermore, since *LAWR*'s coverage includes most Latin American countries, it provides a measure that lessens the biases of looking at each country's media market. The database records each corruption scandal that appears in *LAWR* as well as how many weeks the issue is reported.

The qualitative analysis provides two within-country longitudinal analyses: Chile and Argentina from 1989 through 2010. For each country, this project analyzes the political configuration of both intra-government and inter-party competition, assessing the incentives and constraints faced by insiders. Furthermore, this section looks at specific corruption scandals, reconstructing how they came to light and tracing their origins. In many cases, all that is left are rumors and speculations, and there is never certainty about exactly who "spilled the beans." However, this analysis shows how scandals share a common temporal structure that allows for comparisons across corruption scandals that at first sight may seem individually unique events.

Several criteria guided the selection of Argentina and Chile as the countries under study. First, this case selection allows for variation in independent and dependent variables both across time and across countries. Each country presents a general frame of institutional features, general political characteristics, and country-specific particularities. Also, the pervasiveness of corruption scandals varies greatly over time in each country. Second, by empirically assessing my argument in countries that have both high and low levels of corruption, this dissertation is testing whether the hypothesized causal mechanisms hold regardless of corruption level. Argentina is generally perceived to have high levels of structural corruption, while Chile is widely considered the cleanest country in the region, boasting levels of corruption similar to those in developed countries. Third, this design, combined with the mix of methodologies employed, poses a difficult and comprehensive empirical test of the arguments and hypotheses advanced. Last, the study of Argentina and Chile carries intrinsic empirical relevance for the field of Latin American Politics and the study of Comparative Politics more broadly. These countries constitute two of the most influential and widely studied countries of the region.

PLAN OF THE DISSERTATION

The dissertation is organized in six chapters. After this introduction, Chapter 2 divides the dynamic process of corruption scandals into four distinct stages—alleged transgression, trigger, spread, and response—arguing that understanding the trigger stage is key in establishing the causes of scandals, yet most previous studies have focused on the spread of the scandal. This chapter also presents the main theory and hypotheses of

this project and formally derives a theory of how corruption scandals emerge, focusing on the incentives and constraints faced by insiders. Furthermore, it explores two basic strategies that lead insiders to leak information, looks at the implications of loosening the major assumptions of the model, and discusses alternative explanations for corruption scandals.

Chapter 3 presents the main components and indicators used to assess independent and dependent variables, tracking the broader trends of corruption scandals through time. It assesses the theory advanced using quantitative data and provides a comparative analysis of Argentina and Chile that helps understand the important differences between these cases. Chapters 4 and 5 take an in-depth look at the configurations of political competition and the emergence of corruption scandals in each country under analysis through time. This section draws on fieldwork and archival research carried out in each country. Chapter 4 focuses on Argentina, showing how internal divisions within the *Peronist* Party shaped political competition and conflict throughout the period (1989-2007). It also traces the origins of some emblematic corruption scandals, such as the Senate Bribery scandal during de la Rúa's government, Swift Gate and the Arms scandal during Menem's presidency, and others. Chapter 5 analyzes political developments and corruption scandals in Chile, showing how even a reportedly less corrupt country has had its share of corruption scandals (including Codelco, MOP Gate, Chiledeportes, Inverlink, and others). The Chilean political sphere, defined by a binomial electoral system that generated two ideologically distinct and fairly

stable coalitions in the *Alianza* and the *Concertación*, has seen growing levels of conflict and competition emerging inside both coalitions (Engel and Navia 2006).

The third and final section—Chapter 6—synthesizes the conclusions of the analysis and the insights obtained from the prior three chapters. Moreover, it discusses limitations of both the theory and the data, suggesting future research ideas that may allow extending the scope to include regions outside of the Southern Cone and considering the future development of political competition dynamics and corruption scandals in Latin America and beyond.

CHAPTER 2: THEORY

In an era in which politics has become somewhat of a spectator sport, with television channels, radios, websites, and blogs fully dedicated to covering political events, corruption scandals constitute some of the major highlights. In as much as democratic politics are defined by continuous struggles and competition for power, corruption scandals can be understood as representations of these political battles. As seen in the last decades of the twentieth century, corruption scandals can destroy—and in some cases help consolidate—political careers, they can rearrange the balance of power within the government party or coalition, and eventually, they can tilt the result of local, congressional, or presidential elections. Hence, corruption scandals can change the result of political struggles and shape politics in clear and distinct ways.

Yet, as political as their consequences may be, most explanations of the emergence of corruption scandals are nonpolitical, as they rely on elements that are not necessarily related to political competition. Hence, paradoxically, corruption scandals are currently understood as political results of non-political games. Going back to their definition, corruption scandals require both a politician allegedly incurring in a certain transgression that constitutes corruption, as well as the publicity of such acts, so that they become available to non-participants. Many authors have explained scandals by focusing on the two main components of this definition of corruption scandals: transgressions and their publicity. In fact, there is a body of literature that analyzes what motivates

politicians to participate in corrupt behavior, or in other words, why transgressions happen in the first place. In a widely known and cited study, Klitgaard (1988: 75) examines situations leading to corruption employing a principal-agent analysis. He argues that corruption equals monopoly plus discretion minus accountability. Hence, public officials—the agents—commit corruption when they have considerable monopoly power—power to award contracts not available elsewhere—and wide discretion in their actions—ability to choose among bidders—while having also little accountability for their actions before their principals, the citizenry (Johnston 1996: 25). Other authors build on different versions of this formula in order to explore either the institutional or structural contexts that may lead to higher levels of corruption (Xin and Rudel 2004; Chang and Golden 2006b; Treisman 2000; Chang 2005), or the internal motivations that lead public officials to commit corrupt acts (Manzetti and Blake 1996).

In a different vein, and moving to publicity—the second element in the definition of corruption scandals—, scholars who focus on media studies have shown how media organizations are inclined to orientate themselves to publishing news on scandals (Thompson 2000: 78). Put differently, in a competitive media market, news organizations depend, at least to some extent, on publishing juicy news such as corruption scandals to sell more newspapers or magazines, or to increase their ratings (Waisbord 2000: 69). The fact that corruption scandals "attract readers and sell advertising" (Lofredo 1993), explains why media outlets are likely to publish news on corruption when information is available. Moreover, in an age of scandal, some journalists even equate doing good journalism with publishing "hard-hitting news on the president or other powerful figures"

(Interview with O'Donnell 2006) or with "sacking a minister" (Interview with Kirschbaum 2006).[4]

However, in analyzing how corruption comes to light, there is a missing step that connects the corrupt acts with their spread to a larger audience, which is yet to be fully understood. How does information on corruption become available to media sources? Those who commit corrupt activities have every incentive to keep these acts in the dark. Yet, many of these transgressions make it out into the open, becoming scandals that turn into some of the most important political news during extended periods of time. What explains that some transgressions, originally concealed, are disclosed to wider audiences? As previously stated, some authors have argued that the media "soaks and pokes," investigating and eventually uncovering wrongdoings (Waisbord 2006: 277-278; Pérez-Liñán 2007: 68). Others assume that the process of disclosure follows a more or less linear path, positing the notion that the more corruption there is at any point in time, the more likely it is that some of this corruption will become disclosed and generate a scandal (Weyland 1998: 108-109; Golden and Chang 2001b: 597-604). A different view—usually held by international organizations and the international development community (World Bank, USAID, and others)—points to accountability mechanisms, arguing that by creating more and more effective control mechanisms it is possible to increase transparency in government action, hence allowing for more official wrongdoings to become known by society.

[4] Lobato, a Brazilian reporter, has even pointed out that "exposés about corruption bring more prestige to a reporter than a denunciation of social injustice" (Waisbord 2000: 96).

In contrast to these views, this chapter proposes a political theory of corruption scandals, arguing that political motivations lead to the revelation of corrupt acts. The main argument is that government insiders leak information to media sources on official wrongdoings perpetrated by other public officials in order to advance their position relative to competitors within government. Put differently, individual members or factions within the government party or coalition compete for power and resources among themselves, and leaking information on transgressions by other insiders is a tool used to gain leverage in this intra-government political battle.

It is important to clarify that the claim is not deterministic, in the sense that there may be corruption that becomes scandalous through other paths that do not involve government insiders leaking information.[5] Put differently, the causal argument does not claim to identify an absolutely necessary condition for scandals to happen. In fact, the argument advanced in this chapter is probabilistic: I posit that there are certain conditions, namely specific configurations of intra-government and inter-party or coalition competition,[6] that make insiders more likely to leak damaging information, which in turn makes corruption scandals more likely to emerge. While later chapters empirically assess these claims, the current chapter develops the main arguments and their implications, proposing a simple formal model that clarifies the assumptions that underlie the theoretical propositions and sheds light on the empirical evidence necessary to provide a rigorous test of the hypotheses developed.

[5] In fact, there are instances in which the disclosure even happens by sheer chance. For an example, see Traslaviña (2003) on the Inverlink scandal in Chile.

[6] Competition, as used in this chapter, includes both the narrowly self-interested struggle for power and resources, as well as disagreements over ideological issues.

This chapter begins by analyzing the sequential structure of corruption scandals, which allows for a better understanding of when different factors become relevant, highlighting the importance of the stage in between the alleged corrupt actions and their publication in mass media outlets. Then, the second section explores the different strategies that may lead insiders to leak damaging information, triggering corruption scandals. In the third section, the chapter advances a predictive theory of leakage, proposing a simple formal model. Then, the analysis shifts to a discussion of three factors (chains of scandals, timing, and electoral and party systems) that affect the dynamics described in the strategies analyzed. This leads to an exploration of alternative explanations that generate competing hypotheses. Finally, this chapter discusses case selection and anticipates the evidence that will be marshaled in order to empirically assess this political theory of corruption scandals in subsequent chapters.

THE SEQUENTIAL STRUCTURE OF SCANDALS

Corruption scandals are dynamic processes that evolve through time, and in this sense they have "a certain temporal and sequential structure" (Thompson 2000: 72). Although it is recognized that the evolution of scandals rarely follows a strictly predefined path, some authors have attempted to disentangle this process. In this way, Jiménez (2004: 1113), building on Sherman's (1989) classification, divides scandals in six stages—revelation, publication, defense, dramatization, prosecution, and stigmatization—which focus mostly on what happens with scandals after they become public. Thompson (2000) provides his own account of the sequence of scandals

identifying four phases: pre-scandal, scandal proper, culmination, and aftermath. His understanding is mostly temporal in the sense that it only divides the timeline of scandals, without conveying a deeper theoretical understanding of the evolution of scandals.

Building on this literature, this chapter distinguishes four stages that comprise the sequential structure of corruption scandals: the *alleged transgression*, when the corrupt acts take place; the *trigger* stage, when information on the transgression is leaked; the *spread* stage, when information is made public to a wider audience; and the *response* stage, when there is a public outcry and those involved in the scandal react. The duration and intensity of each stage may vary from scandal to scandal, but the general structure allows for comparisons across corruption scandals that at first sight may seem unique events. Furthermore, this categorization clarifies what aspects of corruption scandals have been thoroughly analyzed by existing literature—stages one, three and, to a lesser extent, four—while simultaneously emphasizing the phase that this study considers key to understanding the political motivations and interpretations of corruption scandals: the trigger stage.

The first stage involves the alleged transgression—the corrupt act—that once disclosed becomes the subject matter of the scandal. This stage is usually unobservable: it is almost never possible to observe corruption on the spot and to know about it exactly while it is happening, for the simple reason that illicit activities are deliberately concealed. In fact, this unlikelihood[7] of observing actual corruption is the main reason

[7] There are a few cases in which the transgression is actually observed, such as Montesinos' videos in Peru. See Conaghan (2002, 2005), and Portocarrero (2005).

why measurements of corruption usually rely on perceptions of corruption instead of factual evidence, which makes them suboptimal and many times even unreliable (Jiménez Sánchez and Caínzos 2003: 10; Johnston 2006: 20). Most often, in cases where corruption actually happened—and once it becomes public—it is possible to establish when the transgressions took place. However, this is always a retroactive process that is only feasible in later stages of the development of a scandal.

The reference to an alleged transgression instead of an actual transgression is intentional. In some instances, the postulated transgressions never actually take place, yet they still become scandals once credible-sounding allegations become public (Jiménez Sánchez 1994: 14). As was mentioned before, corruption is generally unobservable, which opens the door for allegations of corruption even when no corruption actually took place. Therefore, not all corruption scandals are based on real events. In fact, it is perfectly possible to witness a corruption scandal go through all stages, although it was based on false allegations.

The second stage—the trigger—begins when damaging information involving alleged corrupt acts by public officials is disclosed or leaked. Of course, not all corrupt acts are leaked and become a scandal; and therefore "wrongdoing isn't sufficient for scandals to break out" (Waisbord 2006: 277). Put differently, the transformation from corruption to scandal is far from automatic. Hence, more corruption does not necessarily imply more disclosure of these events, and conversely, just because there is more disclosure of corrupt activities, it does not mean that more corruption is taking place.

Moreover, not all sources of information have equal capacity to create a scandal. In fact, the disclosure of information that leads to corruption becoming a scandal requires two main components. First, the information must be previously concealed, which implies that someone is revealing events that were until then unknown to the rest of society. Therefore, the source must possess access to privileged inside information. Second, the information must come from a reliable and credible source, which is in part a function of the source's proximity to actors involved in the transgressions. Which actors have access to undisclosed information and are, at the same time, credible and reliable sources? As will be developed further in the next section, government *insiders* are in the privileged position of having access to information that is not generally available to the wider public, while simultaneously constituting at least relatively reliable and ready sources for the media (Interview with O'Donnell 2006).

In the third stage, the disclosed information spreads and is publicized to a wider audience in society. The media play a key role in this stage, receiving and spreading the information about the transgression. Of course, individual journalists, newspapers, TV channels, or radio stations may have political stances or agendas that sometimes push either for or against the publication of certain corrupt acts. In this way, the media is far from "innocent" or neutral (Thompson 2000: 78; Sunkel and Geoffroy 2001). However, assuming the existence of a competitive media market and a minimum level of media independence from political power, it can be argued that an informant who is determined to make information public can usually find some way of achieving publicity. Given this mostly amplifying role—in the sense that the media does not uncover corrupt acts—the

media generally follows leads and information provided by their sources, spreading information to the rest of society. As a matter of fact, even proponents of arguments that emphasize the importance of watchdog journalism recognize the reactive nature of the media and civil society (Waisbord 2000: xiii, 93, 2006: 285; Peruzzotti 2006: 266). Moreover, some of the most prestigious investigative journalists have also pointed out that they depend on the source's willingness to leak information. According to Jorge Lanata, an Argentinean journalist regarded as a leading investigative reporter who has written a number of important exposés for *Pagina/12*, *Revista XXIII*, *Diario Crítica*, and others, "investigative journalism consists mostly of waiting for phone calls from politicians who want to leak information" (Interview with Lanata 2006). Similarly, Brazilian reporter Fernando Rodriguez recognizes that "many times, the journalist is sitting in the newsroom and receives a telephone call from someone telling a story and offering proofs (…). [I]n some cases they do and the story is good. And presto! There you have investigative journalism" (Waisbord 2000: 103). Peruvian watchdog journalist, Angel Páez points out that "with a few exceptions, most investigative stories are not the result of investigations" (López Chang 1995: 57).

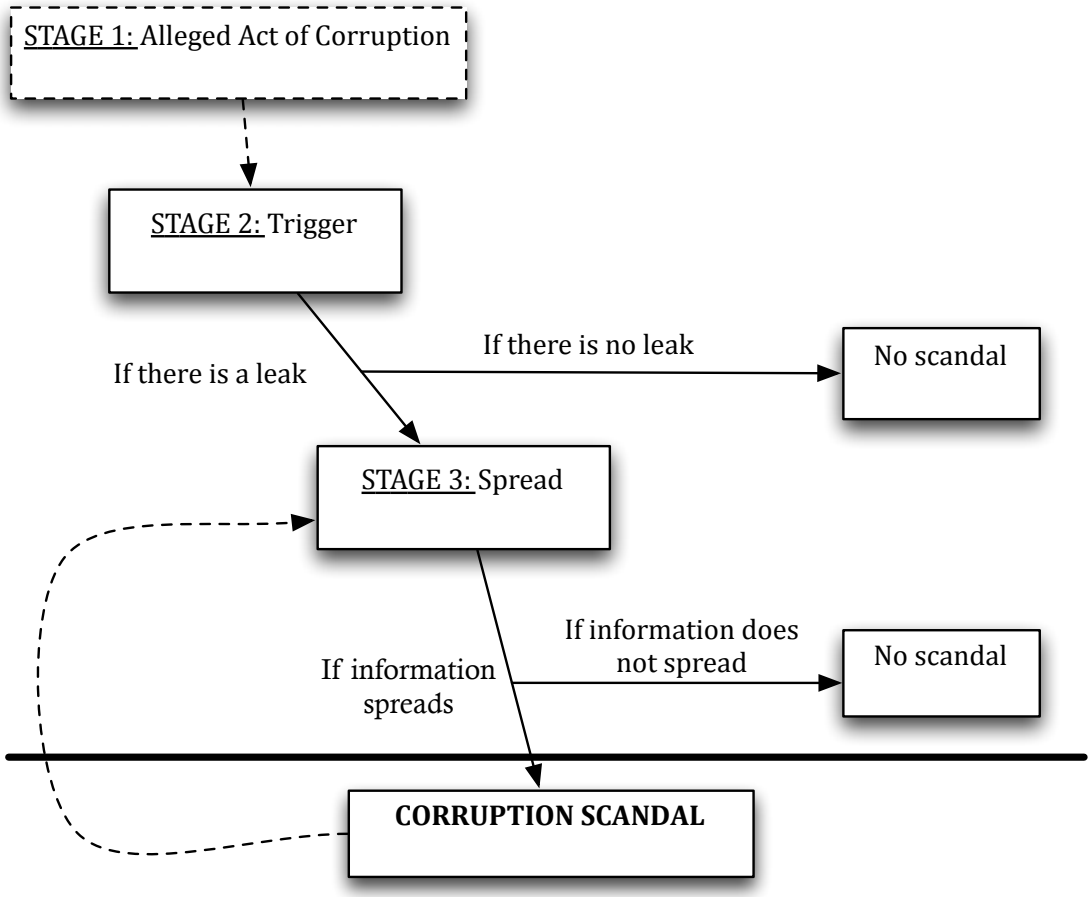
After the scandal is out in the public domain and there is an outcry, those who are seen as responsible for the transgression can react to the accusations, initiating the response stage (Jiménez Sanchez 2004: 1114). Those implicated may respond by either not addressing the issue or by denying their involvement. Alternatively, they may claim that their actions were justified by a higher and more relevant goal. Finally, the allegedly corrupt may respond by producing counter-allegations implicating other political figures

in either the same or a different transgression. These counter-allegations, if spread to a wider audience, can either prolong the existing scandal or create the seeds for new corruption scandals. Hence, the response stage—if the denounced decides to make counter-allegations—can become the trigger for new scandals, building *chains of scandals* that can potentially attract public attention and shake politics for extended periods of time. As will be analyzed in later chapters, one of the largest corruption scandals in modern Brazilian politics emerged in response to prior allegations: the Mensalão corruption scheme in Brazil became a scandal due to the counter allegations produced by Roberto Jefferson, who reacted to prior accusations that had accused him of corruption (Camarotti and de la Peña 2005: 113-116; Pereira et al. 2008: 16).

Identifying different temporal stages of corruption scandals is key to understanding how they surface, what factors make them more or less likely, and what are their causes. The sequential understanding of scandals presented in this section points to a funnel process, in which the different elements in each stage constitute causes for scandals to emerge. As was previously pointed out, a number of scholars have analyzed both why corruption takes place—the first stage—and how news on corruption spread to a wider audience—the third stage. This dissertation focuses on the trigger stage, arguing that there is an information leak, usually provided by an insider, which allows for corruption, which is crucial for a scandal to develop. As was mentioned before, there may be other sources of these leaks, which may lead to information disclosure during this trigger stage. However, as some observers such as Waisbord (2006: 196) point out, "had [the insiders] not come forward with sensitive and compromising information, most

reporters agree, it is doubtful that most *exposés* would have ever surfaced." The following section develops this focus on the triggering stage of corruption scandals, and analyzes why insiders are likely sources as well as what factors and political strategies lead them to leak or disclose information.

Figure 2.1. Stages.



A Political Explanation of Corruption Scandals

Political competition among different factions or parties within government provides the principal incentives for insiders to leak information on alleged corrupt acts committed by other members of government. However, the insiders' decision to leak information is far from a step free of cost and risk. In fact, insiders face important constraints or counter-incentives that often make them refrain from leaking information as a political weapon. Corruption scandals resulting from internal leaks usually have adverse political consequences for the government as a whole, affecting its public image and approval and potentially helping the opposition. Then, why and under what conditions would government insiders decide to disclose misdeeds and try to generate a corruption scandal that can create political costs for their own government and themselves? According to the arguments advanced here, insiders face both incentives to leak information, which are based on intra-government competition, as well as constraints, which are based on inter-party competition. Put simply, the theory proposed is that insiders are more likely to leak information when their incentives are high and their constraints are low; this happens when intra-government cmpetition is intense and when inter´party competition is low. The specific causal mechanisms—or strategies—that lead insiders to disclose damaging information deserve more attention and development. However, there is a prior question that requires examination before one can understand the strategies leading insiders to leak: why are government insiders the likely source of information that results in corruption scandals?

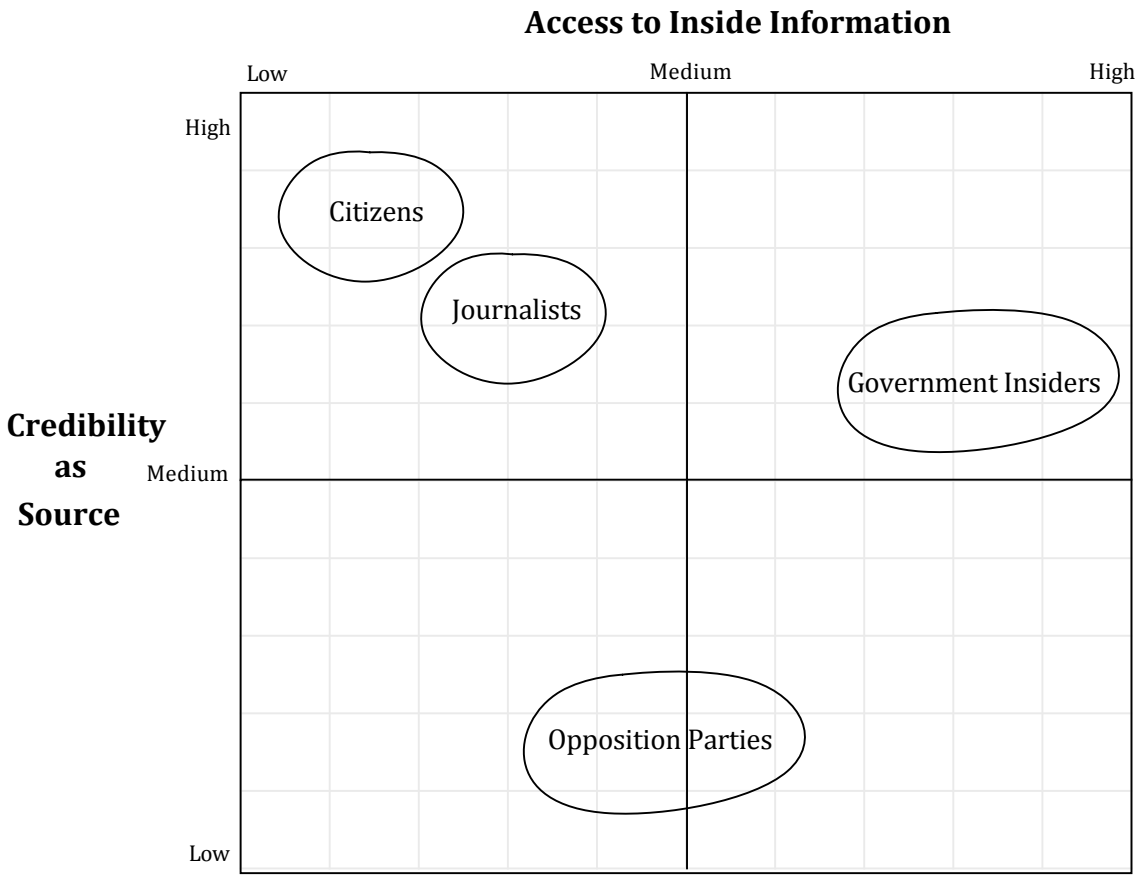
Consider, as was previously stated, that there is always a certain level of corruption going on that if disclosed could become scandalous. As Tumber & Waisbord (2004a: 1034) point out, "everyone in politics (…) realizes that if you examine more closely and for long enough, damaging information can be found on almost anyone." Knowledge about such corrupt acts is potentially available to political actors as a function of their proximity to the acts. Hence we can expect members of factions or parties[8] that are part of the government coalition to have more access to information about the misdeeds of government actors. Moreover, insiders not only possess privileged access, but they also constitute credible and ready sources for the media thanks in part to a journalistic culture that highly prizes official sources (Waisbord 2000: 93).[9] While insiders have medium to high levels of both access to inside information and credibility,[10] different categories of outsiders lack at least one of these elements (See Figure 2.2). The opposition lacks credibility, since they are generally seen as overtly trying to advance their agenda while hurting the government (Interview with Abiad 2006). Meanwhile, citizens and journalists generally lack access to inside information.

[8] Belloni and Beller (1976) draw parallels between the internal competitive dynamics of coalitions and parties. Rose (1964) and Nicholas (1965) argue that although coalitions are formed by parties and parties by factions, these only constitute levels of aggregation that do not inherently imply different dynamics.

[9] Some authors even go far enough as to say that highly placed sources are "indispensable to find out incriminating evidence and get the go-ahead from editors" (Waisbord 2000: 97).

[10] The competitive motivations of insiders are far less obvious to the media, making them "more credible sources" (Interview with Lanata 2006; Interview with Kirschbaum 2006).

Figure 2.2. Requisites for Sources: Access and Credibility



Given these conditions, government insiders are in a unique position of having both privileged access to potentially damaging information and of being considered at least relatively reliable and credible sources for the media.

So, the main question remains: When, and under what conditions, will these insiders disclose damaging information? The hypotheses presented here suggest that government insiders face a set of incentives to denounce members of their own coalition as a function of their competition for political power. According to the incentives posed

by their position within the government coalition (the distribution of power and resources) and the constraints arising from the electoral threat posed by the opposition, insiders may choose to disclose information on government misdeeds as part of two possible strategies.

The first of these strategies is to attempt to gain greater power within the government coalition by hurting political allies. An insider may selectively leak information on wrongdoings by members of another faction of the coalition as an attempt to "*leap-frog"* and strengthen his relative position within the coalition. Therefore, high levels of internal competition within the government party or coalition provide incentives for insiders to leak information.[11] However, leap-frogging is costly not only for the faction or individual implicated in the corruption scandal, but also for the government coalition as a whole, as the emergence of a corruption scandal within the government hurts its reputation and can potentially help the opposition in upcoming elections. Hence, the existence of a powerful opposition acts as a constraint on the insiders looking to leap-frog.

The underlying logic can be clarified by relying on a simple thought experiment. Imagine that you are part of a center-leftist coalition of parties that has won the election and now controls the presidency. Three main parties—a centrist Christian-Democratic party to which you belong; the president's party: a moderately leftist Socialist party; and a radical leftist party—have formed a coalition in order to consolidate forces and defeat

[11] Factors affecting internal competition include, for instance, the ideological diversity within factions or parties in the government competition as well as the sheer size of the coalition (larger coalitions have to divide power among more political partners).

the center-rightist coalition. The election that put your coalition in power was a landslide, showing vast public support for the government and debilitating the opposition, which is also split due to the bad electoral results. In this favorable political environment, the government coalition has the political clout to advance a reformist agenda. However, there is disagreement within the coalition as to which area to tackle. The president's party, the moderate Socialists, wants to push a redistributive project that raises the minimum wage and provides free government-run health insurance. The radical leftist party sees this idea as too modest, and they push for a more radical plan that overhauls the tax system, getting rid of the regressive sales tax and relying only on income taxes. Meanwhile, your party, the Christian Democrats, wants a more moderate agenda, arguing that current dire world-economic conditions do not allow for restructuring the state provision of public goods. These differences generate internal tensions and struggles. The opposition is still weak. Under these conditions, the benefits of leaking information on wrongdoings by some key members of the communist party may outweigh the cost of hurting the government as a whole with a corruption scandal. In this calculation, leaking information will be more attractive when competition within government is high (there are multiple parties or factions within government pushing different agendas), while the opposition is weak (divided and with low levels of public support, it does not pose an electoral threat).

Once an insider has made the strategic choice to leak information, which eventually can generate a corruption scandal when the media publishes the story, those implicated in the scandal may choose to react to the scandal in different ways in the

response stage. In particular, scandals that emerge due to this particular leap-frogging strategy are especially prone to generating "chains of scandals," as both those who leak and those who are involved in the scandal remain in the government, hence making it possible to leak new information as a response to a given corruption scandal. This issue will be discussed further in a later section of this chapter.

The second strategy is to exit or "*jump ship*" from the government coalition, while justifying this dramatic decision by attempting to hurt the government's reputation by involving it—or some of its members—in a corruption scandal. In this case, an insider that is not satisfied with either the distribution of power and posts or the policy direction chosen by the dominant factions chooses to exit the government coalition and join the opposition. Since these "break-ups" are usually less than friendly, those exiting the government may choose to leave with a bang, implicating public officials in denunciations of corruption and using this as a political weapon that both justifies their decision to exit, while also calling more public attention to their departure.

Hence, high levels of internal competition within government also generate incentives for insiders to defect, denouncing corruption and jumping ship to the opposition. Nevertheless, the option of moving to the opposition is not always available. In particular, the existence of a weak opposition may impose constraints for insiders to denounce and jump ship, since it may not be a politically promising move to exit the government and enter an unorganized and ineffective opposition. Conversely, a very strong opposition that is already organized and likely to win upcoming elections may also pose constraints for potential ship-jumpers, as the opposition may not have any room—or

interest—in receiving former insiders. Furthermore, the ideological distance of the opposition from the government can generate a constraint, as insiders are less likely to jump to a party or coalition that is not ideologically compatible with their own views. Therefore, the effect of the power of the opposition on the likelihood of an insider deciding to jump-ship is non-linear: both a particularly strong and a particularly weak opposition pose heavy constraints on potential ship-jumpers. Moreover, the ideological distance between the government coalition and the opposition poses a constraint to jump-ship. As will be analyzed later, this strategy generates a different kind of chain of scandals, as the actor or faction that denounces exits the government and becomes part of the opposition, which gives the government a particular incentive to hit back hard. As a result, ship-jumping scandals can generate short but intense chains of scandals.

Once again, the logic underlying the ship-jumping strategy becomes clearer through a thought experiment. Imagine you are part of the same center-leftist coalition of parties that was referred to in the previous example. Of the three main parties forming the coalition, yours has only been allocated a couple of cabinet posts, while the other two parties have amassed most of the political power. The election that put your coalition in power was a clear victory, and the opposition is trying to re-structure itself to become a viable alternative. You believe your party should have more participation in the government, and you make your opinion known to the other members of the coalition. However, there are no changes, and your party remains a disadvantaged partner in the coalition. Furthermore, the government is pushing an agenda that is not exactly what your party (the Christian Democrats) stands for. In this context, these differences generate

internal competition. Although the center-rightist opposition is still not fully organized, its prospects are better than before, and your ideological distance from the opposition is not substantially larger than your distance to the other members of the government coalition. Under these conditions, the benefits of denouncing misdeeds by some key members of the government parties, and withdrawing support from the government in order to move to the opposition, may outweigh the costs of surrendering the little power you have in government right now. In this calculation, denouncing corruption and leaving government will be more attractive when competition within government is high (there are multiple parties or factions within government pushing different agendas), while the opposition is neither very weak nor very strong.

Following the logic described in these two insider strategies, it is possible to arrive at the following hypotheses:

H1: The combination of high levels of intra-government competition among parties or factions with low levels of inter-party competition (a weak opposition) will generate high levels of corruption scandal, as insiders will be more likely to leap-frog, which in turn can produce long chains of corruption scandals.

H2: The combination of high levels of intra-government competition among parties or factions with middle levels of inter-party competition and small ideological distance between the government and the opposition will generate high levels of corruption scandal, as insiders are likely to jump-ship, which

generates corruption scandals that may result in short but intense chains of scandals.

In all, the logic of both strategies can and will be analyzed as a nested game where "instead of assuming that people play games in a vacuum, (…) these games are embedded in some higher-order network" (Tsebelis 1988: 146). On the one hand, there is a competitive game between partners in the government coalition, who may choose to cooperate or defect, which in this case means leak information on alleged corruption. This intra-government competition constitutes the "principal arena" (Tsebelis 1990: 58) of this leaking game. However, intra-government actors do not play this game in a vacuum. Instead, their payoff structures and their strategies are contingent on a higher order competitive game between the government and the opposition. The game in the principal arena between members of the government coalition poses incentives for coalition partners to defect and leak information. But the higher order game between the government and the opposition poses constraints for government insiders to leak, therefore making corruption scandals less likely.

A FORMAL ANALYSIS OF LEAKING

Government coalitions may have more than two partners, and these political actors may decide to cooperate or not with each other in different ways. Moreover, partners in a coalition may not be completely homogeneous, with different politicians following different strategies, and with internal divisions even within the smallest of intra-party factions. In other words, political reality is infinitely complex and nuanced,

making the dynamics of political competition very difficult to analyze and assess, particularly when looking at extended periods of time. The formal model presented in this section explicitly simplifies reality in order to provide a more comprehensible analysis that looks at broad patterns and mechanisms. Therefore, there is a deliberate decision to forgo some details in favor of presenting a more parsimonious argumentation and thus elucidate the logic of corruption scandals. This section first analyzes the competitive game within the government coalition in isolation, and then puts it in the context of a broader game between the government and the opposition. "Nesting" the intra-government game in a broader structure allows for a better understanding of the conditions that make the outcome under study—corruption scandals—more likely.

For simplicity's sake, assume that government coalitions are composed of only two members, and that these actors have two alternative strategies: to cooperate (C) or to defect (D). Cooperation implies promoting the coalition's interests and abstaining from leaking or denouncing damaging information on the coalition partner. Defecting implies promoting partisan or factional interests by either leaking or denouncing wrongdoings by the coalition partner. The decision on whether to cooperate or defect can be analyzed as a two-player competitive game.

In thinking about the payoffs of this simple game, a player benefits the most when defecting (D) while the partner cooperates (C), which improves its position within the coalition without any retribution. This preferred outcome for player *i* is usually referred to as T_i for temptation. Conversely, the worst possible outcome for player *i* is the inverse situation in which *i* cooperates and the partner defects, leaking information on *i*'s

wrongdoings. This outcome is referred to as S_i for sucker. The other two potential outcomes are mutual defection, which carries a payoff of P_i for penalty, and mutual cooperation, with a payoff or R_i for reward. As pointed out by Tsebelis (1990: 195) it can be assumed that these last two payoffs lie in the $[S_i, T_i]$ interval, but it is unknown which of these two outcomes the players prefer.

Table 2.1. Possible Payoffs of Games between Coalition Partners

	Cooperate	Defect
Cooperate	R_1, R_2	S_1, T_2
Defect	T_1, S_2	P_1, P_2

Therefore, two payoff orderings are possible:[12]

$$T_i > P_i > R_i > S_i \quad (2.1)$$

$$T_i > R_i > P_i > S_i \quad (2.2)$$

If the preferences of the players are (2.1) then the game results in a deadlock, where players would never form coalitions because they prefer all outcomes in which they defect (T_i and P_i) to all outcomes in which they cooperate (R_i and S_i). Therefore, if cooperation is ever possible, the order in (2.1) cannot hold. On the other hand, if the order in (2.2) holds, the game between the players becomes a prisoners' dilemma. A cursory analysis of the payoffs provides good reasons to assume most players would hold this

[12] There are two more possible orderings of payoffs which do not put T and S at the extremes: $T_i > R_i > S_i > P_i$, and $R_i > T_i > P_i > S_i$. The former is a chicken game, where the players prefer S_i to P_i, in this case probably because cross accusations between players are too costly for the government coalition. The latter is an assurance game, where players prefer an outcome where no corruption scandals ever emerge.

particular preference order. In T_i the player leaks information on his partner who does not respond, improving his own position within the government coalition. The player likely prefers this outcome to R_i, where neither player leaks information, and the positions in the government coalition are left unchanged. In turn, this outcome is preferable to P_i, where both players leak information on one another, and as a result both are negatively affected. And S_i is the least preferred outcome, as the player is negatively affected—without its partner being affected at all—which worsens his position within the government coalition.

In a simple prisoners' dilemma, each player is better off using a defecting strategy—the dominant strategy in this case. Therefore, if the interaction between coalition partners were to be analyzed in isolation and as a one-shot game without actors being able to communicate and create contingent strategies, P_i would be the most likely outcome. However, this outcome of mutual defection implies that coalition members should rat on each other constantly, making corruption scandals omnipresent in politics. But in reality players interact constantly and do not need to act simultaneously. Also, corruption scandals are fairly rare events that happen every so often. Furthermore, if both pursue this dominant strategy, they are worse off than if they had promoted the coalition.

However, as coalition members can enter into repeated interaction, this intra-government game is actually played multiple times, which allows the players to develop contingent strategies. Furthermore, players usually do not move simultaneously, but rather there is a lapse of time between the player that moves first and the one who responds. Consider then a situation in which two players play the prisoners' dilemma

game, and when the first player chooses to cooperate (C), the second chooses to cooperate (C) with probability *p*, which is the probability of instruction (Tsebelis 1990: 68). In case the first player decides to defect (D), then the second player chooses to defect as well with probability *q*, the probability of retaliation. Once these probabilities are defined, it is possible to analyze the utilities each player can expect from their choice to cooperate or defect:

$$EU(D) = T(1 - q) + Pq \quad (2.3)$$

$$EU(C) = Rp + S(1 - p) \quad (2.4)$$

Under these conditions, players will choose to cooperate when the expected utility of cooperation is higher than the expected utility of defection EU(C) > EU(D), or rearranging terms, when:

$$(R - S)p + (T - P)q > (T - S) \quad (2.5)$$

Given that all values in (2.5) are positive, it is possible to derive the following conclusions, which hold regardless of the actual ordering of preferences, which in turn determine the game the players are actually playing:

- As the payoff for mutual cooperation (R) increases, cooperation becomes more likely.
- As the payoff for mutual defection (P) increases, cooperation becomes less likely.
- As the payoff for unilateral defection (T) increases, cooperation becomes less likely.[13]

[13] When T increases, both the left and right sides of (2.7) increase, but the left side increases more slowly because of *q*, which is necessarily less than 1.

- As the payoff for being fooled into cooperation (S) increases, cooperation becomes more likely.[14]

Hence, these conclusions can be restated by pointing out that the likelihood of cooperation increases as the payoffs for cooperation (R and S) increase, and it decreases as the payoffs for defection (T and P) increase, regardless of the nature of the game. Therefore, the actual outcome of the competitive game among coalition partners analyzed in isolation depends on the magnitude of the payoffs and not on the ordering of preferences. In short: it does not matter which game the players are actually playing, the outcome is determined by the payoffs for cooperation and defection, and the values of p and q. There is little interest in pointing out that cooperation is more likely than defection when players value cooperation over defection. On the other hand, the analysis of p and q provides a useful way to understand when corruption scandals are more likely.

In (2.5) we can see that the likelihood of cooperation increases as the probabilities p and q increase. In other words, defection—which as argued leads to corruption scandals—is less likely when partners in the government coalition are more likely to cooperate if the partner cooperates, and defect if the partner defects. Arguably, q is generally close to 1: most players would choose to retaliate if denounced, given that it is likely that they value P over S. On the other hand p, which may assume different values between 0 and 1, is a way of expressing the internal cohesion of the coalition. Higher values of p imply higher levels of cohesion within the coalition and vice versa. So,

[14] When S increases, both the left and right sides of (2.7) decrease, but the left side decreases more slowly because of p, which is necessarily less than 1.

assuming q is fairly high, what factors affect p in this simple game within the government coalition?

In this model it is argued that the internal cohesion of a coalition is a function of the levels of competition and ideological distance within the coalition. Δ and θ are defined, respectively, as the probabilities that one faction will be able to impose its agenda and as the probability that both factions will coincide in their ideological position/policy preference regarding any particular issue.[15] In other words, Δ is an increasing function of the disparity between factions within government (Δ is equal to 1 when there is only one member of the coalition, and it equals 0 when there is equal distribution of power between factions). Similarly, θ is an increasing function of ideological closeness between members of government (θ is equal to 1 when there is no ideological difference between members of the coalition, and it equals 0 when the ideological distance is at its maximum level and partners do not agree on anything).

Cohesion—p—increases as Δ and θ get closer to 1. Expressed in algebraic terms:

$$p = \text{cohesion} = c + U(\Delta + \theta) \tag{2.6}$$

where c is a constant and U represents the utility of controlling the government coalition, which can be assumed to be positive. However, (2.6) assumes that Δ and θ have the same weight over p, which may or may not be realistic. We can define α as a function of Δ and θ, without specifying their weights.

$$\alpha = f\{\Delta, \theta\} \tag{2.7}$$

[15] Ideology is a complex concept, which can be composed of differences on many different issue areas, etc. Similarly, policy preferences can also be similar in some regards and completely antagonistic in others. For simplicity purposes, the model presented in this chapter explicitly assumes a single dimensional political sphere.

which allows us to redefine p as a function of α, making no assumptions regarding the relative weights of Δ and θ:

$$p = \text{cohesion} = c + U(\alpha) \tag{2.8}$$

Consequently, the analysis of the intra-government game shows that lower levels of polarization and competition within government—expressed by high values of Δ and θ—generate higher values of p, which makes cooperation more likely resulting in a low likelihood of corruption scandals emerging. Conversely, high levels of intra-government polarization and competition—expressed by lower values of Δ and θ—generate lower levels of p, which makes defection more likely; therefore resulting in a higher likelihood of corruption scandals. In short, intra-government conflict generates incentives for defection, which increases the likelihood of corruption scandals.

However, as was previously pointed out, this game is actually not played in isolation, but rather it is subsumed in a higher order game between the government and the opposition, who compete at the constituency level for public support. Corruption scandals that result from insiders choosing to defect and leak information not only hurt the actors or factions involved in the alleged wrongdoings, but also damage the reputation of the government coalition overall, generally improving the standing of the opposition. Therefore, probabilities of different events in this higher order game also affect p and the decision to cooperate or defect in the principal arena, which in turn affects the likelihood of corruption scandals.

The relative strength of the opposition and its ideological distance from the government have an impact on the internal cohesion of the government coalition. In this

way, ε and φ are defined, respectively, as the probabilities that the anticipated outcome in an election would be a tie between the government and the opposition and as the probability that the government and the opposition will coincide in their ideological position/policy preference regarding any particular issue. Hence, ε is an increasing function of the distance in public support between the government and the opposition (ε is equal to 1 when the government coalition has all the support from public opinion, and it equals 0 when both coalitions have equal levels of public support). On the other hand, φ is an increasing function of ideological closeness between government and the opposition (φ is equal to 1 when there is no ideological difference between coalitions, and it equals 0 when government and opposition do not agree on anything).

Cohesion—*p*—decreases as ε and φ get closer to 1. Expressed in algebraic terms:

$$p = \text{cohesion} = c + U(\alpha) - V(\varepsilon + \varphi) \tag{2.9}$$

where V represents the utility of the government getting more powerful relative to the opposition (for example, winning an additional seat in congress), which can be assumed to be positive. As before, (2.9) assumes that ε and φ have the same weight over *p*, which may not be realistic. We can define β as a function of ε and φ, without specifying their weights.

$$\beta = f\{ \varepsilon, \varphi \} \tag{2.10}$$

which allows to redefine *p* as a function of β, making no assumptions regarding the relative weights of ε and φ:

$$p = \text{cohesion} = c + U(\alpha) - V(\beta) \tag{2.11}$$

In (2.11) we see that a strong opposition encourages the cohesion of the government coalition. As the opposition gains power becoming a threat for the government coalition—expressed by lower values of ε —the value of *p* increases, making defection, and hence corruption scandals, less likely.[16] Similarly, an ideologically polarized opposition (lower values of φ) increases the cohesion of the government coalition, which results in higher levels of *p*, making defection and corruption scandals less likely.

In all, this formal development of the competitive game between government partners embedded in the larger order game between government and opposition shows that the former generates incentives for defection, while the latter places constraints. As seen in (2.11), intra-government conflict (low α) decreases the value of *p*, posing incentives for defection; meanwhile conflict between government and the opposition (low β) increases the value of *p*, posing constraints on defection. These conclusions mirror the hypotheses presented in previous sections.

Before presenting the analysis of alternative arguments that purport to explain the emergence of corruption scandals, it is necessary to introduce some additional elements that may also have an impact on the dynamics of corruption scandals and that are not part of the model just presented: chains of scandals and political timing defined by electoral systems.

[16] Currently, model explains only leap-frogging. Still trying to build in ship-jumping.

CHAINS OF CORRUPTION SCANDALS

> "Scandal is our growth industry. Revelation of wrongdoing leads not to definitive investigation, punishment, and expiation but to more scandal"
>
> Mark Danner, The New York Review of Books, 2008

As perhaps is best exemplified by the Mensal*ão* scandal in Brazil (Camarotti and de la Peña 2005; Pereira et al. 2008), corruption scandals tend to cluster together, producing periods of time in which most of the political news revolve around corruption. The relevance of these periods that concentrate many corruption scandals is twofold. On one hand, although this clustering has been empirically analyzed—and tested—by some authors (Castagnola 2006), the reasons behind this phenomenon are yet to be fully understood. How is it that corruption scandals breed more corruption scandals? What explains the emergence of these chains of scandals that shake politics over extended periods of time? Moreover, once a chain is underway, why does it "break"? This section explores these questions, arguing that the difference between leap-frogging and ship-jumping can account for different types of chains of scandals. Furthermore, this section argues that chains are relatively short-lived because insiders' credibility diminishes as new rounds of accusation start to be seen as purely instrumental retaliation. As a consequence, the public becomes saturated with scandals. The resulting desensitizing of public opinion is a broader issue with policy implications,[17] which will also be addressed in the final chapter.

[17] In short, the current paradigm in anti-corruption policies relies on the idea that corruption becomes less likely as those who engage in it are more likely to be exposed. However, if the mechanism of corruption publicity is triggered by political infighting, and if as a result public opinion becomes desensitized, then

On the other hand, the very existence of temporal clusters reinforces a political interpretation of the process that leads to corruption scandals. It is hardly the case that more corruption is actually taking place during periods in which scandals are pervasive. Put differently, *políticos* do not suddenly start engaging in more corruption; rather, they have been involved in corrupt activities for a while and at some point in time somebody starts revealing it. When this revelation occurs, many times all hell breaks loose as políticos get into mud-slinging matches, for political reasons. Therefore, the fact that corruption scandals tend to cluster together, suggests that there are political revealing mechanisms that explain how corruption comes to light.

As was pointed out earlier in this chapter, the emergence of extended chains of corruption scandals is linked to government insiders following a leap-frogging strategy. This strategy leads insiders to leak information on wrongdoings by other members of the government coalition in order to undermine their legitimacy and gain power within government. When the transgressions reach the media and eventually larger audiences, both those who leak information and those involved in the allegations usually still remain as part of government, allowing this scandal to eventually generate other scandals. If the initial strategy is successful, the balance of power may have changed among members of the coalition. But even if the initial purpose of the leak fails to materialize, those involved in the corruption scandal are in position to respond to the accusations. Among their options is to leak information on the involvement by those who initially spilled the beans

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anti-corruption policies that rely on making actions more visible are at least misguided, and probably inefficient and ineffective.

in either the same or other transgressions. It is this dynamic that results in extended chains of scandals, as insiders exchange accusations in attempting to keep their power and hurt the reputation of intra-government competitors. However, many times insiders may attempt to detach their names from the denunciations, making it harder for those implicated in corruption scandals to know exactly whom to target with their counter-allegations.

On the other hand, a ship-jumping strategy results in a former government ally breaking ranks and joining the opposition. This defection usually results in the government having a high incentive to hit back at those considered traitors. However, once this response is over, the chain of corruption scandals generally comes to an end because the dynamics between former political allies now become similar to the dynamic between government and opposition. As a result, jumping ship results in short but intense chains of corruption scandals.

Given the aforementioned dynamic, corruption scandals that result from insiders attempting to leap-frog are more likely to produce long chains of scandals than those scandals that result from ship-jumping strategies. In this latter case, the denouncer exits the government coalition, usually purposely attaching their names to the accusations, which may generate a hard-hitting response from the government. Hence, the political configurations that generate leap-frogging corruption scandals are more likely to produce long chains of scandals. Meanwhile, ship-jumping can result in short and intense chains. This logic leads to the following hypothesis:

H3: Long chains of corruption scandals will be more likely to occur when corruption scandals are caused by a leap-frogging strategy. Therefore, extended chains of scandals are more likely under a combination of high levels of intra-government competition with low levels of inter-party competition (a weak opposition).

H4: Short but intense chains of corruption scandals will be more likely to occur when corruption scandals are caused by a ship-jumping strategy. Therefore, intense chains of scandals are more likely under a combination of high levels of intra-government competition with intermediate levels of inter-party competition and low ideological polarization between government and opposition.

In an alternative argument to those presented in this chapter, Castagnola points out that the existence of scandals at one point in time encourages the eruption of more scandals in following periods, arguing that the clustering is due to an "ongoing mechanism of learning process in the use of political scandals" (Castagnola 2006: 21, 22). In other words, politicians and the media learn progressively how to use scandals. According to this argument we should expect perennial increasing levels of corruption scandals, as the learning curve progresses. However, both Castagnola's own empirical evidence (14) as well as the information collected for this dissertation (see Chapter 3), shows that chains of corruption scandals are not only finite but also relatively short-lived as they gradually fade away. The arguments presented by Castagnola do not provide an explanation for why the learning curve may slow down and eventually stop. Therefore,

the question remains unanswered: why do chains eventually break? How do they come to an end?

As was argued before, chains of corruption scandals happen when insiders exchange accusations, leaking information on each other's wrongdoings as a way to undermine their intra-government competitors. Hence, chains of corruption scandals eventually slow down and stop when insiders involved in a corruption scandal choose not to respond by producing counter allegations, but rather to follow some other of the responses available—not addressing the issue, denying involvement, claiming that actions were justified by a more relevant goal, etc. An element that has an impact on this decision is the decreasing credibility of political actors when they resort to continuous accusations as instrumental retaliation. As the credibility of the sources of the scandals becomes questionable, the public's appetite or predisposition for corruption scandals diminishes and even becomes saturated by the continuing counter-allegations. Corruption scandals only function as political weapons insofar as they can affect the reputation of political figures involved in the corruption scheme. Since corruption is generally one of the main concerns with consolidated and consolidating democratic systems, societies are initially predisposed to feel outrage at public officials' involvement in wrongdoings. Nevertheless, when allegations about corruption accumulate the sources' credibility fades, and society's disposition to read and care about corruption starts to decrease.[18] Therefore, as corruption allegations pile up, the credibility of the sources diminishes, and

[18] As journalist Lanata pointed out, "news on corruption work in similar ways to air condition units: when they start you can feel and hear them going on, but keep them on for a while, and nobody feels or cares about them" (Interview with Lanata 2006).

society becomes desensitized and no longer cares, which in turn defeats the purpose of those generating the scandal. The insider's calculation changes, as now it is more costly—on their credibility—and less fruitful—corruption allegations do not stick anymore—to leak further damaging information. Simultaneously, the decrease in attention by the public leads media outlets to veer away from focusing on corruption, in an effort to maintain the attention of their audience. It is this process—expressed in the following hypothesis—that eventually results in the breaking down of chains of corruption scandals:

> *H5: Chains of scandals are likely to be relatively short-lived, as insiders' credibility diminishes, which affects their decision to leak new information in response to prior corruption scandals. Simultaneously, societies grow insensitive to corruption scandals.*

The argument presented introduces the public *demand* or predisposition for corruption scandals as another element that may affect the likelihood of corruption scandals. But if there are variations in the public predisposition to pay attention to corruption scandals, doesn't it mean that this factor also affects the likelihood of corruption scandals emerging in the first place? Put differently, aren't corruption scandals at least partly determined by the societal predisposition or receptivity to scandals? Although it can be argued that during certain periods the public inclination to read about corruption scandals may be particularly high or low, the argument advanced in this section deals with the relative receptivity to news about corruption scandals, positing that whatever the starting point may be—which is usually difficult to predict or explain—this

demand eventually diminishes as more and more news on corruption inundate the media for extended periods of time. In this way, the public predisposition for corruption scandals is curvilinear, regardless of its absolute value. As corruption scandals begin to emerge, societies' appetite initially increases, since they are eager to learn more about official wrongdoings. However, after more and more corruption scandals emerge, societies become desensitized and turn their attention away; hence the predisposition for corruption scandals decreases.

POLITICAL TIMING AND PARTY AND ELECTORAL SYSTEMS

The dynamics of political competition, both among parties or coalitions competing for power as well as within these organizations, are shaped by a number of elements. This section focuses on two main elements that affect intra-party or coalition and inter-party competition: the timing of the political cycle of presidential and congressional elections, and the characteristics of the party and electoral system in place. Both these elements have an impact on how political competition dynamics play out, which can help explain the timing and likelihood of scandals. Furthermore, the analysis of the impact of party and electoral arrangements on political competition provides leverage to explain some of the main differences, in terms of corruption scandals, among the two countries under study.

Elections are an essential component of most if not all definitions of democracy (Schumpeter 1942; Przeworski 1999; Schmitter and Karl 1991), as they constitute the main mechanism through which political competition is adjudicated. As such, the cycle

of presidential and midterm elections shapes the dynamics of both internal struggles for nominations and competition among parties for public office. In looking at a typical four-year cycle, there are times in which intra-party or coalition and inter-party competition are likely to be particularly high or low. For instance, intra-party competition should be high a few months before elections, when parties are deciding the nominations. As internal quarrels surge, so should incentives for insiders to leak information, therefore increasing the likelihood of corruption scandals. Following the same logic, after nominations are set, internal conflict should diminish as elections approach and competition among different parties takes over. This dynamic reinforces the constraints faced by insiders, and as a result corruption scandals become less likely during this pre-election period. Moreover, after presidential elections take place and a new presidential term starts, the honeymoon effect (Nyhan 2009: 27, 81; Manzetti and Blake 1996: 672) should mollify previous conflicts, resulting also in fewer corruption scandals.

The exact duration of each of these periods and of political cycles themselves varies across countries and through time. However, despite these differences in political cycles and their characteristics, the timing of elections and primaries—when held—for both presidential and congressional elections should affect the dynamics of political competition, which in turn shape the likelihood of corruption scandals. This element leads to the following hypothesis:

H6: The timing of the political cycle (presidential and congressional elections and primaries) has an impact on both intra-government and inter-party

competition. As a result, corruption scandals cluster around certain periods, particularly the months prior to parties deciding nominations for elections.

The timing of elections is only one characteristic of institutional arrangements that affect the dynamics of political competition. Other elements that impact how intense competition is the structure of the party system—including whether or not there are multiple parties, whether there are electoral coalitions that follow ideological alignments, whether there is high volatility in the composition of parties, etc.—and the characteristics of the electoral system—nomination procedures such as open or closed primaries, whether there is a proportional system in place or single member districts in which winner takes all, etc. The electoral system is usually fairly stable through time, as political reforms are not very common, which can help explain differences among countries. Meanwhile, party systems are somewhat more susceptible to change, which provides leverage for explaining not only the differences among countries, but also change through time in each country.

The party system, while being stable in Chile throughout the period, has had some important variations in both Argentina. Since the return to democracy in 1990, Chilean politics have been shaped by the existence of two main coalitions that group parties ideologically, which at least partly result from a binomial system that benefits those that come in first and second in elections (Engel and Navia 2006). Meanwhile, Argentinean politics have been somewhat volatile, with the Peronist party holding either the presidency or a majority in congress most of the time. However, the composition and ideological inclination of the PJ has shifted through the years, as it has moved closer and

closer to becoming a quasi-ideal type catchall party (Levitsky 2003a, 2003b). As a consequence, the dynamics of politics in Argentina during the period under analysis were characterized by the struggles within PJ. In short, as electoral and party systems shape politics and affect how politicians and parties compete for power, they also impact the likelihood of corruption scandals. This line of reasoning leads to the following hypothesis:

> *H7: The structure of the electoral and party systems shape intra-government and inter-party competition, in turn affecting the likelihood of corruption scandals.*

All the hypotheses and propositions presented so far comprise the main arguments that this dissertation puts forth regarding the emergence of corruption scandals. There are other ways of understanding scandals that lead to competing views, which highlight the importance of factors other than political competition. The following section systematically assesses at alternative explanations, exploring their logic and teasing out their empirical implications.

ALTERNATIVE EXPLANATIONS

The formal model presented in this chapter aims at predicting the likelihood of corruption scandals using political variables as determinants. A set of alternative explanations focuses on the agency of certain actors in generating scandals. Within this group. Perhaps the main competing hypothesis is one that highlights the importance of the independent media, suggesting that the emergence of corruption scandals is linked to

the actions of investigative and watchdog journalists who uncover corrupt acts (Waisbord 2000; Brunetti and Weder 2003; Chalaby 2004). Other views extol the role of the control mechanisms and the bureaucracy, pointing out that it is through the proper functioning of the state that corruption acts are uncovered. Yet others argue that the rise in corruption scandals is related to the emergence of new venues for political competition between the party in government and the opposition (Jarquin and Carrillo-Flores 2000), positing that the likelihood of corruption scandals increases as the opposition grows more powerful. From a different perspective that highlights structural elements, other authors propose arguments that explicitly or implicitly argue that higher levels of corruption lead directly to more corruption scandals (Ginsberg and Shefter 1990; Weyland 1998). This section explores alternative theories in more detail, specifying the testable hypotheses they imply. These competing arguments are then evaluated in depth in following chapters. While most of the factors analyzed as competing explanations play some role in the emergence of corruption scandals, none of them can explain the variation and timing of corruption scandals.

Investigative Journalism

It is hard to ignore the important changes that took place in the South American press during the 1980s and 1990s. Among a number of developments that made the press more influential if not more independent, the vigor of new practices in investigative journalism clearly challenged a historical record of market and state complacent reporting. As Waisbord puts it, in earlier historical time periods, "watchdog reporting was

relegated to marginal, nonmainstream publications during democratic periods, and to underground, clandestine outlets during dictatorial regimes" (Waisbord 2000: xiii). But during the 1990s investigative journalism became mainstream, and now it is almost synonymous with good, incisive journalism. This conversion coincided with an explosion of exposés and scandals that shock politics in previously impossible ways (Lawson 2002: 151). Therefore, it is tempting and intuitive to think that corruption scandals are a logical byproduct of this new wave of investigative and watchdog journalism (Jiménez Sanchez 2004; Tumber 2004; Liebes and Blum-Kulka 2004; Chalaby 2004; Esser and Hartung 2004). The obvious implication of this perspective is that journalists now constitute a strong "fourth estate," and that scandals come about when journalists soak and poke, uncovering wrongdoings and putting wrongdoers under public scrutiny at least, and under legal examination at best.

Following this logic, we should expect more corruption scandals in the places and periods where investigative journalism is flourishing. Regardless of how we decide to measure investigative journalism,[19] it is clear that the broad trend toward a more independent and free media roughly matches the period in which corruption scandals became prevalent in Latin America. However, as will be analyzed in Chapter 3, a closer look at corruption scandals throughout the period reveals a great deal of variation across time, with some years and periods marked by the appearance of multiple corruption

[19] Undoubtedly, it is not easy to assess when and where watchdog journalism is better or stronger. But as a general trend, "watchdog [journalism] and media scrutiny should be more robust in open society than closed.one could expect more and better investigative journalism under a more competitive and freer media system, which is said to occur once democracies are established and closer to consolidation (Waisbord 2000).

scandals, while others where barely touched by denunciations. Therefore, while the blossoming of investigative journalism generally coincided with the period in which corruption scandals became prevalent, investigative journalism in itself cannot explain why corruption scandals cluster around certain periods. In this way, investigative journalism, or more generally a minimally free press, can be considered an enabling condition for corruption scandals, but not a sufficient condition that explains why corruption scandals emerge at some points in time and not others.

Control Agencies & Bureaucracy

Most of the anti-corruption agenda pushed by international organizations and adopted to some extent by many countries,[20] focuses on creating and empowering horizontal and societal accountability mechanisms. Once in place, these mechanisms are said to aid the uncovering of wrongdoings, which should first generate more corruption scandals—seen in this light as positive events that reveal a stronger and more efficient democratic apparatus (Markovitz and Silverstein 1988)—and then discourage actors from being corrupt in the future. While some authors focus mostly on the creation of control agencies within the state in order to increase levels of horizontal accountability (O'Donnell 1998, 2003), others emphasize the importance of new vertical accountability mechanisms, which were usually limited to elections (Przeworski et al. 1999), and now are expanded to include direct societal control in periods between elections (Cunill Grau 2006; Peruzzotti and Smulovitz 2001). The former approach, in particular, has generated

[20] For instance, Argentina, Chile and Brazil have adopted and ratified both the UN Convention against Corruption, and the OAS Interamerican Convention against Corruption.

a broad move to create new control agencies (for example: the *Oficina Anti-Corrupción* in Argentina, the *Comissões Parlamentares de Inquérito* in Brazil, the proposed *Fiscalía Anticorrupción* in Chile) and empower existing ones (for example: the *Ministério Público* in Brazil, *Fiscalía de Investigaciones Administrativas* in Argentina).[21]

The objective of this approach is for control agencies to make the government more accountable for their actions, making information accessible that was previously concealed, and investigating potential corrupt acts. Therefore, the creation of new control agencies and the empowerment of existing ones should lead to more corruption scandals, at least in the short run. In the long run, the expectation is that these agencies will reduce overall levels of corruption, which would result in fewer corruption scandals. However, these expectations do not take into account that most control agencies do not look into potential wrongdoings proactively. Rather, they are reactive in the sense that they require an external denunciation in order to begin their investigations. Hence, what was initially thought would become an independent and autonomous control of government, ends up becoming another link in the political process that leads to corruption scandals. Those interested in leaking information on wrongdoings can now provide information to control agencies so that they can investigate and publicize allegations. In this way, control agencies become amplifiers that provide more information on official wrongdoings, aiding in the spread stage of corruption scandals.

[21] For more on the implementation and improvement of control agencies see Tulchin and Espach (2000), and Parker et al. (2004), among others.

In analyzing the causal effect of the creation of control agencies on the likelihood of corruption scandals, it is also necessary to keep in mind that these horizontal accountability mechanisms do not emerge out of a vacuum. In fact, the creation of new anti-corruption agencies usually follows a period in which corruption scandals are pervasive. In other words, generally the emergence of corruption scandals generates a demand for more control agencies. Therefore, a cursory empirical overview may reveal a correlation between scandals and the creation of control agencies. However, it is essential to look at this relationship in depth in order to determine the direction of the causal arrow. As will be shown in the country chapters, the role of control mechanisms in actually discovering corruption is limited at best. Moreover, these agencies are usually a consequence of periods characterized by the emergence of corruption scandals, and once in place function mostly as scandal amplifiers used for political purposes.

Also focusing on the role of the bureaucracy but in a different vein, it can be argued that it is in fact bureaucrats—and not other politicians—who have every day real access to inside information. This idea would lead to the conclusion that if there are any actors leaking information on corruption, it should be bureaucrats, and not higher-ranking politicians who run bureaucratic apparatuses. If leaks on corrupt acts committed by government officials actually came from bureaucracies, we should expect two broad trends. On the one hand, having more professional bureaucracies composed of people whose appointments do not depend on their political preferences or affiliation should lead to more corruption scandals than politically appointed—and dependent—bureaucracies. Moreover, connecting this idea with the arguments presented in prior paragraphs, reforms

that create new control agencies or that enhance the political independence of existing agencies should result in a better bureaucracy that is more likely to expose official wrongdoings. On the other hand, if the origin of leaks came from the bureaucracy, we should expect a gradual increase in the number of corruption scandals as the political cycle progresses. Put differently, in a four year presidential term, there should be more scandals towards the last two years, as the bureaucracy does not have anything to report in the beginning because the new administration has not yet been in place long enough to be corrupt. Similarly, corruption scandals should be more likely to emerge during presidents' second terms—where allowed—than during first terms. However, as was analyzed before, and as will be shown in upcoming chapters, empirical evidence does not provide support for this line of arguments. Corruption scandals do have a temporal cycle within a typical four-year presidency, but this cycle is far from a simple gradual increase in number and intensity of scandals.

Opposition

In addition to the role played by the media and control agencies, many have argued that the opposition generates corruption scandals by denouncing wrongdoings and trying to capitalize on the government's fall from grace in public opinion. Notably, Ginsberg and Shefter (1990: 23) point to the existence of new alternate weapons for political combat (RIP: revelation, investigation, and prosecution) that do not make use of voter mobilization, the classical mechanism to achieve public support. The logic behind this argument is clear: corruption scandals harm the credibility of the government and

transfer public support to the opposition. Therefore, the opposition has incentives to denounce wrongdoings and generate these potentially damaging scandals. In contrast with the arguments presented in this dissertation, the empirical expectation of these hypotheses is that corruption scandals are more likely to emerge when there is a strong, solid, and viable opposition. Similarly, a situation where the government coalition does not hold majorities in Congress (divided government) should also result in higher levels of corruption scandals. Meanwhile, a weak opposition and a unified government should result in fewer corruption scandals.

Although it is likely that government corruption scandals benefit the opposition, these arguments do not address some relevant issues that challenge their validity. On the one hand, the opposition only has limited access to inside information, which as was argued before is necessary in order to trigger a corruption scandal. Despite generally increased standards of transparency in government actions, most corruption scandals reveal information that is far from readily accessible to outsiders, such as members of the opposition. Granted, opposition parties have more access than regular individuals, given their regular participation in politics (see Figure 2.2). Still, government insiders are more likely to have access to concealed information on wrongdoings, given their position within government. On the other hand, as was also argued before, opposition parties generally lack credibility as sources for corruption exposés. Their political motivations are too clear to be considered reliable sources by journalists, and even in those cases in which journalists do use them as sources; the general public is likely to be skeptical about their motivations. Moreover, if the opposition denounces government misdeeds, it may

also be accused of being a destructive opposition, which may be politically costly particularly if the government party or coalition is popular.

In any case, the argument put forth by Ginsberg and Shefter (1990) and others (Davis et al. 2004) has clear empirical implications, which will be confronted with the evidence collected for Argentina and Chile. As will be shown in the following chapter, it is simply empirically inaccurate to point out that a stronger opposition results in more corruption scandals than a weak opposition.

Corruption

Another alternative hypothesis contends that corruption scandals are an effect of increased levels of actual corruption. According to this view, the availability of a larger pool of corrupt acts results in more corruption scandals. This logic is based on the sense that corruption scandals are simply not possible if there is no corruption happening. However, as was argued earlier in this chapter, corruption scandals can happen without actual transgressions taking place: all that is necessary is a credible alleged transgression. In empirical terms, this position points to another perceived broad trend—namely the increase of corruption—that coincides with the preeminence of corruption scandals in the region.

Nevertheless, the causal connection between actual corruption levels and corruption scandals goes both ways, as many authors point precisely to corruption scandals as evidence in asserting that corruption increased. For example, Manzetti and Blake (1996) argue that the poor implementation of market reforms in Argentina, Brazil,

and Venezuela resulted in increased corruption. They rely on corruption scandals that emerged in the early nineties in all three countries as empirical evidence for their arguments. Weyland (1998), in turn, also relies on evidence from corruption scandals to link increased levels of corruption in Argentina, Brazil, and Peru to the rise of "neopopulist" leaders (Menem, Collor, and García), who are said to be prone to corruption due to their low accountability and their need for resources in order to appeal directly to their constituencies. So, does more corruption actually increase the likelihood of corruption scandals? Or do corruption scandals generate the perception that corruption is on the rise? The problem comes from the intrinsic difficulties in assessing actual corruption levels. The aforementioned authors, among others (Golden and Chang 2001a, 2001b), use qualitative evidence of known cases of corruption—which therefore constitute corruption scandals—in order to assess corruption levels. Meanwhile, most widely used cross-country measures of corruption (Transparency International's CPI, World Bank's Governance Indicators, etc.) rely on perceptions of corruption, asking both experts and non-experts about their opinions. Arguably, these respondents are influenced by their exposure to news on corruption scandals, which makes most measures of corruption—despite methodological attempts to curb the impact of current events[22]—somewhat misleading as objective assessments of actual levels of corruption. Therefore, both qualitative and quantitative measures of corruption appear to be influenced by the number and intensity of corruption scandals.

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[22] See, for instance, the Methodological Brief for the Transparency International Corruption Perceptions Index 2009. Available at http://www.transparency.org/content/download/47733/762810/CPI_2009_methodology_long_en.pdf

All this is not to say that actual corruption plays no role whatsoever in the emergence of corruption scandals. The coincidence of corruption scandals and perceived increased levels of corruption is not incidental. Nevertheless, the relationship is far more nuanced than usually held, and the analysis of causality between corruption (particularly when measured as perceptions) and corruption scandals is non-linear and complex.

EVIDENCE

The following chapters will evaluate the arguments put forth in this chapter against qualitative and quantitative evidence from Argentina and Chile from 1989 to 2010. On the one hand, most of the empirical analysis focuses on each country individually, looking at variations in political competition dynamics and the emergence of corruption scandals through time. These country-specific analyses examine both intra-government and inter-party competition dynamics, as well as other factors such as the media system, tracking and accounting for the variation in national level corruption scandals. On the other hand, there is also an explicit interest in explaining the elements that account for the differences among these countries in terms of the number and intensity of corruption scandals. Hence, the case selection takes into account both the longitudinal as well as the cross-sectional aspects of the study.

Argentina and Chile share broadly similar cultural and historical backgrounds, allowing for a comparison among these countries focusing on differences that can help explain the trends affecting each country. Moreover, the important differences presented by these countries paired with the large variation in relevant variables through time in

each country, provide an interesting setup to test the arguments presented in different contexts. For instance, by empirically assessing the theoretical claims in countries that have both high and low levels of corruption, this dissertation tests whether the hypothesized causal mechanisms hold regardless of corruption level.

Since the theory is based on political competition, it pertains only to periods in which democratic institutions are in place, allowing for different political parties and coalitions to compete for power. As pointed out earlier in this chapter, the timing of the political cycle shapes political competition, which justifies the use of congressional periods as units of analysis. In consequence, the number of cases expands from two to almost twenty.

The chapters that follow also empirically assess alternative explanations, comparing their persuasiveness with the dissertation's main political theory of corruption scandals. Chapter 3 combines evidence from both countries, across all time periods considered, to assess the theories in comparative perspective. Subsequent chapters provide more detailed examinations of individual country paths of political competition and corruption scandals.

Chapters 4 and 5 provide in-depth country discussions. In each of these, there is an exploration of the history of political competition and party system in order to understand the antecedents of party politics. The link between the dynamics of political competition and corruption scandals is then scrutinized in detail by bringing to bear a number of data sources, including cabinet and congress composition and congress roll-call data. While the analysis in Chapter 3 provides a broader assessment of the theory,

these in-depth studies investigate whether the theory improves the understanding of each individual case. Furthermore, they provide an opportunity to analyze other elements that play a role in the emergence of corruption scandals, such as the composition of the media system and the creation of governmental control mechanisms. By looking at a number of corruption scandals in detail, it is also possible to understand why certain corrupt acts become scandalous in some countries and not in others, exploring the different thresholds across countries and through time for what is considered outrageous behavior. Finally, some of the cases provide suitable opportunities to go into the simplifying assumptions necessary for the formal model, evaluating the consequences of relaxing these premises.

CHAPTER 3: COMPARATIVE TRENDS

Latin American countries present a puzzling variety of experiences with corruption scandals. In particular, Argentina and Chile have followed different trends in terms of the emergence of corruption scandals, despite sharing similar patterns of democratic development and roughly similar levels of economic development. Looking at these countries over time, in the 1990s Argentina had generally high levels of corruption scandals but with remarkable gaps in time where few exposés emerged, while Chile had very few scandals. Then, in the 2000s, the picture changed, as there was great variation in the level of scandals in both countries, even within the same presidency. This chapter intends to document and explain this variation, analyzing the levels of political competition and corruption scandals in Argentina and Chile through time. This analysis allows for a comparison between the trajectories of both countries that goes beyond the case studies that will presented in Chapters 4 and 5, providing insights that help explain and understand the differences between Chile and Argentina in terms of the impact of corruption scandals. Moreover, this chapter also offers a descriptive overview that is useful in analyzing the country chapters.

Before presenting the comparative analysis of the cases, it is important to review the main arguments to be assessed. In summary, the theory developed in this study proposes that government insiders generate corruption scandals by selectively leaking or publicly denouncing wrongdoings in government. These insiders possess both the access

to restricted information as well as the necessary credibility to be taken seriously by the recipients of denunciations. As argued in Chapter 2, there are two political strategies that may lead insiders to generate corruption scandals: *leap-frogging* and *ship-jumping*. In the former, the insider remains in government and leaks information in order to improve his bargaining position within the party or coalition in power. In the latter, the insider, presumably unsatisfied with the distribution of power, decides to exit the government and publicly denounces corruption in government as a way to justify her departure and call attention to it. In both these strategies, the level of intra-government competition acts as an incentive for insiders to leak information, while the level of inter-party competition or opposition threat poses a constraint, particularly on leap-frogging. As the levels of competition vary through time, so should the level of corruption scandals.

Levels of corruption scandals change both across time within countries, and they vary between countries. This chapter draws together quantitative data and summarizes some of the information that is more deeply developed in the following country chapters in order to assess the arguments of Chapter 2 using evidence from Argentina and Chile from 1989 to 2010. In all, this chapter provides both an analysis of how dependent and independent variables are evaluated as well as a descriptive overview that helps put the following country chapters in a broader context.

The study of two countries over an extended period of time requires a number of methodological decisions regarding the definition of the unit of analysis and the components used in order to assess independent and dependent variables. Therefore, the first section of this Chapter examines the case selection, defines the unit of analysis, and

explores the measures and conceptualization of corruption scandals, and the components used to assess levels of intra-government and inter-party political competition. The following section provides evidence for the proposed explanation for the emergence of corruption scandals through the analysis of quantitative data that illustrate both the levels of intra-government and inter-party competition and the level of corruption scandals through time. The analysis and the data presented in the tables and charts sift through the empirical evidence gathered for this study, searching for the hypothesized pattern linking political competition and corruption scandals. The final section concludes by presenting the lessons learned through the comparative analysis of Argentina and Chile, and proposes a few ideas about how to further the analysis in the near future.

CASES AND UNIT OF ANALYSIS

Latin America has certainly seen its share of corruption scandals since the third wave of democratization that brought democracy to most countries in the region in the 1980s. In particular, Argentina and Chile provide an interesting mix, as corruption scandals have been more prevalent in the former than in latter, despite both countries sharing a number of characteristics. They are some of the most affluent countries in Latin America and share similar cultural backgrounds, despite differences in geographic, political, and social configurations. Moreover, they provide interesting variation among cases and within them through time, both in their political configurations as well as in their levels of corruption scandals.

On the one hand, studying Argentina and Chile enables the analysis of the trajectories followed by each country, tracking levels of intra-government competition and levels of opposition threat, seeing whether corruption scandals emerge under the expected configurations. This comparison within country over time is the main objective of this study, as it helps adjudicate whether the proposed explanation is supported by the data or not, assessing alternative explanations as well. On the other hand, this case selection also allows for a comparison across countries, which helps evaluate whether the hypothesized causal mechanisms hold in different countries that have different institutional settings and different overall levels of actual corruption, according to all existing measures. This comparison across cases quickly confirms the general sense that corruption scandals are generally more prevalent in Argentina than in Chile. However, it also provides insights that aid the understanding of the political spheres of these countries and the impact that the differences between them have in terms of the interplay between intra-government competition and inter-party competition, as well as of its impact on the overall level and types of corruption scandals.

In terms of defining the unit of analysis, it is undeniable that both competition as well as corruption scandals can vary month-to-month and even week-to-week, as political dynamics and the prevalence of certain issues may change almost constantly. However, all these changes are almost impossible to track, as the indicators used to assess these variables are not sensitive enough to capture all the variation. Therefore this study aggregates data in two-year periods that are used as the unit of analysis. These two-year periods are defined slightly differently in each country according to whether there are

simultaneous congressional and presidential elections or not. In all, as seen in Table 3.1, there are nine presidencies—five in Argentina and four in Chile—, which provide nineteen observations—nine in Argentina and ten in Chile.

There are a number of characteristics of the data that inhibit the use of statistical estimation techniques, at least at this point. First, it is not clear that the values of the independent variables for each observation are comparable across countries, as the components used to assess overall levels of intra-government and inter-party competition were defined differently in each case. Second, the project has a rather low number of observations, which becomes even lower if each country has to be analyzed separately. The current structure would require the generation of statistically significant and theoretically valid results with only nine or ten observations. Third, the main argument advanced in this dissertation implies certain interactions of the levels of the two main independent variables, which would be very difficult to build into a statistical analysis using only nine or ten observations. Hence, at this point, the analysis provided in this chapter, although based on quantitative data, relies on simple correlations that are mostly presented in tables and charts. As pointed out in the introduction to this Chapter, the conclusion to this chapter proposes a few alternatives to improve this aspect of the analysis.

Table 3.1: Presidencies and Units of Analysis

Country	Years	President	Party	Periods of analysis
Argentina	1989-1995	Carlos Menem	PJ. Partido Justicialista	1989-1991
Argentina				1991-1993
Argentina				1993-1995
Argentina	1995-1999	Carlos Menem	PJ. Partido Justicialista	1995-1997
Argentina				1997-1999
Argentina	1999-2001	Fernando de la Rúa	Alianza	1999-2001
Argentina	2002-2003	Eduardo Duhalde	PJ. Partido Justicialista	2002-2003
Argentina	2003-2007	Néstor Kirchner	FPV. Frente Para la Victoria	2003-2005
Argentina				2005-2007
Chile	1990-1994	Patricio Aylwin	Concertación (PDC)	1990-1992
Chile				1992-1994
Chile	1994-2000	Eduardo Frei	Concertación (PDC)	1994-1996
Chile				1996-1998
Chile				1998-2000
Chile	2000-2006	Ricardo Lagos	Concertación (PS-PPD)	2000-2002
Chile				2002-2004
Chile				2004-2006
Chile	2006-2010	Michele Bachelet	Concertación (PS-PPD)	2006-2008
Chile				2008-2010

DEPENDENT VARIABLE: CORRUPTION SCANDALS. DEFINITION AND MEASUREMENT

Going back to the definition provided in Chapter 1, corruption scandals represent those special cases in which specific corruption acts become public knowledge and generate a reaction by society. Therefore, corruption scandals require three elements: an alleged act of corruption—defined as the misuse of public office for private gain—, general knowledge of these misdeeds, and a strong public reaction. In this sense, operationalizing this concept requires a way to define news on corruption, but more importantly, it also requires a way of assessing the importance and impact of news, as not all news on corruption reach the level of a national scandal. As previous studies have

noted, public opinion reactions can be identified by analyzing media sources that reflect interest and attention (Pérez-Liñán 2007; Buscaglia and Dakolias 1999).

One option is to look only at local media in each country, coding news on corruption as they appear in these outlets. But relying only on local media would generate difficulties and potentially many cases of type I errors, misidentifying smaller scandals as if they were national level scandals. Some subjective and rather arbitrary judgment would be necessary in order to determine when news actually become a national level scandal and when they do not reach the necessary threshold. Moreover, the definition of a threshold would necessarily be different from country to country, depending on the particularities of the local media. Therefore, this study relies on the *Latin American Weekly Reports* (*LAWR*) as a common indicator of corruption scandals in both countries that also constitutes an external way to assess the level of corruption scandals. Through content analysis of this weekly newsletter, I constructed a database of national level corruption scandals based on the premise that since these reports only capture the most important news of the week, if news on a corruption scandal makes it to *LAWR*, then it can be considered a national level corruption scandal. This database records the number of corruption scandals and their duration (how many weeks of coverage the scandal generated), as well as the date of publication in *LAWR*, and a number of details regarding the specificities of the scandal. In order to double check the list of events produced by the content analysis of *LAWR*, I included a standard question at the end of over 150 semi-structured interviews conducted during field work, which asked interviewees to identify the major corruption scandals in their country. All the scandals included in the database

were identified by over eighty five percent of respondents. Some interviewees misidentified other scandals that had to do with sexual or personal issues as corruption scandals, such as the Spiniak case in Chile (Ávila 2005). These responses can be explained by the fact that the concept of what constitutes a corruption scandal was not specified before the question. Therefore, some respondents misidentified other types of scandals as corruption scandals.

Then, once all the corruption scandals were identified, the analysis switched to local media, doing content analysis in order to gather more information on each scandal, including date of initial publication, date of the alleged acts of corruption, and whether the scandal made it to the front page of at least two major newspapers. The information contained in the database is summarized in Tables 3.2 and 3.3.

INDEPENDENT VARIABLES: POLITICAL COMPETITION. CONCEPTS AND MEASUREMENT

The concept of political competition encompasses an array of interactions among political forces at many different levels. As a notion initially borrowed from economics, competition was conceived as a contest between individuals or groups for a certain objective, which could not be shared. In this narrow understanding, competition in politics can clearly be seen in elections, where two or more candidates compete in order to achieve a position of power. However, political competition also takes place at other levels and with other goals in mind. For instance, those competing may be electoral coalitions or political parties, but they can also be factions within parties, and even individual politicians. Moreover, these competitors may strive for a position of power

through elections, but they may also struggle for certain policy preferences, a public post, or the general distribution of resources, among other things. And they may do so at the national level or at sub-national levels—whether at provincial or municipal levels—, complicating the picture even further.

Classical approaches to political competition in political science focus on political parties, party systems, and spatial analyses of voting behavior (Panebianco 1988; Cox 1997; Roemer 2001). The scope of this study, on the other hand, is to analyze the impact that intra-government and inter-party competition had over government political insiders (both factions as well as individual politicians). This approach requires a combination of insights from both institutional and spatial analyses in order to provide an assessment of the levels of competition during each period under analysis. However, assessing levels of competition is an inherently intricate task, as actual political competition for a given objective is difficult to observe. Moreover, given the main argument of this study, which links the emergence of corruption scandals to political conflict, there is a danger in confusing dependent and independent variables and saying that there is conflict only when there is a corruption scandal, which would make the argument advanced tautological. Therefore, the analysis requires political competition within government and between the government and the opposition to be assessed as a whole during two-year periods, keeping them separate from the measurement of corruption scandals.

In terms of intra-government competition, until fairly recently the analysis of the formation of government coalitions—and hence the study of competition within parties or coalitions—was mostly focused on parliamentary regimes (Altman 2000: 259). The

assessment of intra-government competition presented in this study builds on a growing literature that focuses on intra-party and intra-coalition dynamics—referred to as "factionalism" by Belloni and Beller (1976)—in presidential systems (Cheibub et al. 2004; Altman 2000). Following existing trends in this literature, the assessment of intra-government competition is based on the analysis of cabinet formation (Figueiredo Cheibub 2007; Meneguello 1998), the composition of Congressional blocks (Kellam 2006; Jones et al. 2009), and thorough archival and historical research (including interviews with main political brokers) on the specific political parties and politicians under analysis. Following Belloni and Beller (1976), this assessment is based on the understanding that the formation of coalitions and of parties themselves are comparable. The difference is a matter of aggregation: while coalitions are formed by parties, parties are composed of factions. However, this distinction does not inherently imply the existence of different dynamics (Rose 1964; Nicholas 1965). The internal divisions might be clearer and starker in coalitions than in parties, but the dynamics are analogous and allow for a comparison that encompasses both (Cox 1997; Roemer 2001).

Meanwhile, the study of the dynamics of political competition at the party system level, which requires the assessment of the electoral threat posed by the opposition, follows the existing tradition that is well established in political science (Cox 1997). Therefore, the focus is on the relative power of the opposition vis-à-vis the government and on the level of fragmentation of that opposition. In short, an opposition that is divided into various parties or coalitions that compete not only with the government

coalition but also among each other poses a weaker electoral threat than a united opposition.

Components used to Assess Competition

As pointed out in the section above, assessing political competition poses a number of challenges, even in single country studies. Since this dissertation analyzes two countries that present a number of differences in the composition of their political sphere, the complications become even more prominent. Although the components used in both countries are fairly similar, there are also some significant differences. In all, in order to, at least partially, overcome these difficulties, this study triangulates data sources.

The relative power and level of fragmentation of the opposition is assessed using not only the aggregated relative vote share of all the opposition parties combined, but also their fragmentation in these multi-party presidential systems. However, these data are complemented with other sources. First, the resulting composition of legislative bodies provides insights on the cohesiveness and relative strength of the opposition. So it is important to assess not only the voting percentages, but also how these votes translate into seats, which takes into account issues of malapportionment (Snyder and Samuels 2001). Second, in the case of Argentina, the control of governorships by different parties is also indicative of levels of competition among different parties (Jones 1997b). Therefore, the assessment also incorporates the number of governorships under control of the government and the opposition, highlighting the control of the main provinces (Córdoba, Buenos Aires, Mendoza, Santa Fe, and the City of Buenos Aires). Third, in the

case of Chile, data on municipal elections also help evaluate the power of the opposition coalition, *Alianza por Chile*, as well as of its members, *Unión Demócrata Independiente* (UDI) and *Renovación Nacional* (RN). In the country studies chapters, secondary sources and key informant interviews were also employed in order to provide a more thorough assessment.

Then, understanding competition within government requires more nuances, because any administration includes a number of different parties or factions, particularly in these countries with multi-party systems. In order to evaluate the levels of intra-government competition and trace the changes in configurations, this chapter relies on two types of fragmentation: first, the fragmentation in the vote shares of the various parties or factions that make up the government coalition, and then the fragmentation in the representation of these factions or parties in the cabinet. In doing so, it employs three different sources of data. First, it relies on an analysis of the composition of cabinets. Cabinet members are generally the highest public officials appointed politically, providing an indication for how the government coalition distributed resources and power among different political forces. Data on cabinet formation were not available in a single database (Amorim Neto 2006). Hence, it was necessary to collect data looking at Official Bulletins and secondary sources in each country. Then, the composition of each cabinet was analyzed as a whole in order to assess how many different political forces were represented. Second, this study employs secondary sources that describe intra-government competition during each period, and personal interviews held by the author in order to supplement and cross-check the information. Third and last, in the case of

Chile, the data on congressional and municipal elections also provided insights on intra-government competition, as the vote share received by each party within the government coalition, *Concertación de Partidos por la Democracia* (Concertación), was indicative of the relative power of each of the members.

ANALYSIS OF DATA

As pointed out earlier in the chapter, the database on corruption scandals based on *LAWR* records various details regarding each national level corruption scandal in each country. Tables 3.2 and 3.3 present the information on each corruption scandal in the database by country, aggregated by unit of analysis. The tables also indicate whether each corruption scandal made it to the front page of at least two national newspapers, as well as the number of weeks between the alleged acts taking place and the publication of news in *LAWR*.

A cursory look at the time elapsed between alleged corrupt acts and corruption scandals shows lots of variation (See Tables 3.2 and 3.3). These lags of time between the acts taking place and the publication of news on the corruption scandal scheme are relevant for two reasons. First, they allow for the analysis of whether there is a linear process that transforms corruption into corruption scandals. If these lags of time had a clear pattern—or if they were normally distributed—one could conclude that the process that goes from corruption taking place to corruption scandals emerging follows a somewhat stable path that gets repeated over and over again as new scandals emerge. A finding such as this one would suggest that the more corruption there is at any given point

in time, the higher the level of corruption scandals should be. Put differently, this would signal that corruption scandals are in fact an adequate indicator for the level of actual corruption. However, as seen in Tables 3.2 and 3.3 the lags of time are randomly distributed, going all the way from a few days to more than a few years. Therefore, some other explanation is necessary in order to account for the emergence and timing of corruption scandals. Second, these lags of time are important insofar as they show that in some instances, corruption scandals could have emerged a long time before. For instance, the Arms Sale scandal in Argentina or the Golden Handshakes scandal in Chile could have emerged before they did, as the alleged acts of corruption took place a long time before information came to light. In this sense, during that lag of time it is possible to assert that there was an available act of corruption that if leaked, could have generated a scandal. The question is what explains the specific timing of these and other scandals. As presented in Chapter 2, this study argues that the specific timing depends on the existence of certain political configurations.

Moreover, as observed in Tables 3.2 and 3.3 as well as in Figure 3.1, there is a great deal of variation in the level of corruption scandals across time, even within presidencies. While alternative arguments tend to predict relatively stable or slightly growing levels of corruption scandals, the data collected show how levels of corruption scandals are far from stable. Figure 3.1 shows that contrary to the predictions of alternative arguments that highlight both the role of the media and control agencies, as well as the impact of actual corruption on corruption scandals, the levels of scandal are

not constant, nor they show a slow increase over time. Levels vary through time in both countries, from presidency to presidency, and also within each presidential period.

Table 3.2. Corruption Scandals in Argentina by Unit of Analysis

Unit of analysis	Corruption Scandal	Duration in LAWR (weeks)	Lag between act and LAWR (weeks)
1989-1991	Casa de la Moneda	1	7
	Central Bank	1	14
	Segba	1	13
	Aerolineas Argentinas	3	6
	ENTel *	3	8
	Swift Gate *	6	15
	National Highways	1	3
	Ferrari	1	1
	Yoma Gate	2	25
	Air Force Scandal	1	18
	TOTAL PERIOD	20	
1991-1993	Somisa *	2	8
	Powdered Milk *	3	14
	PAMI	2	27
	Manzano	2	13
	Al Kassar's Passport	2	20
	YPF *	3	17
	ENTel II	3	3
	Overpayments	2	58
	IGJ	1	4
	TOTAL PERIOD	20	
1993-1995	Arms Sale *	20	108
	PAMI II *	4	44
	TOTAL PERIOD	24	
1995-1997	Postal Services *	8	19
	IBM-Banco Nación *	12	22
	Parallel Customs *	6	41
	Airports *	3	22
	Samid *	2	19
	Barra	2	151
	Yacyretá	2	148
	Friends of Cavallo *	2	14
	Gold Mafia	1	22
	TOTAL PERIOD	38	
1997-1999	Pico	2	2
	Fassi-Lavalle	3	19
	Second Casa Rosada	3	59
	TOTAL PERIOD	8	
1999-2001	Tonietto *	2	6
	Meijide's tennis instructor *	2	13
	Senate Bribery *	29	10
	TOTAL PERIOD	33	
2002-2003	Bercún	1	22
	TOTAL PERIOD	1	
2003-2005	PAMI III	2	8
	Southern Winds	1	35
	TOTAL PERIOD	3	
2005-2007	Skanska *	7	57
	Miceli's bag *	5	1
	Garré *	1	3
	Picolotti *	3	2
	Suitcase *	9	1
	TOTAL PERIOD	25	

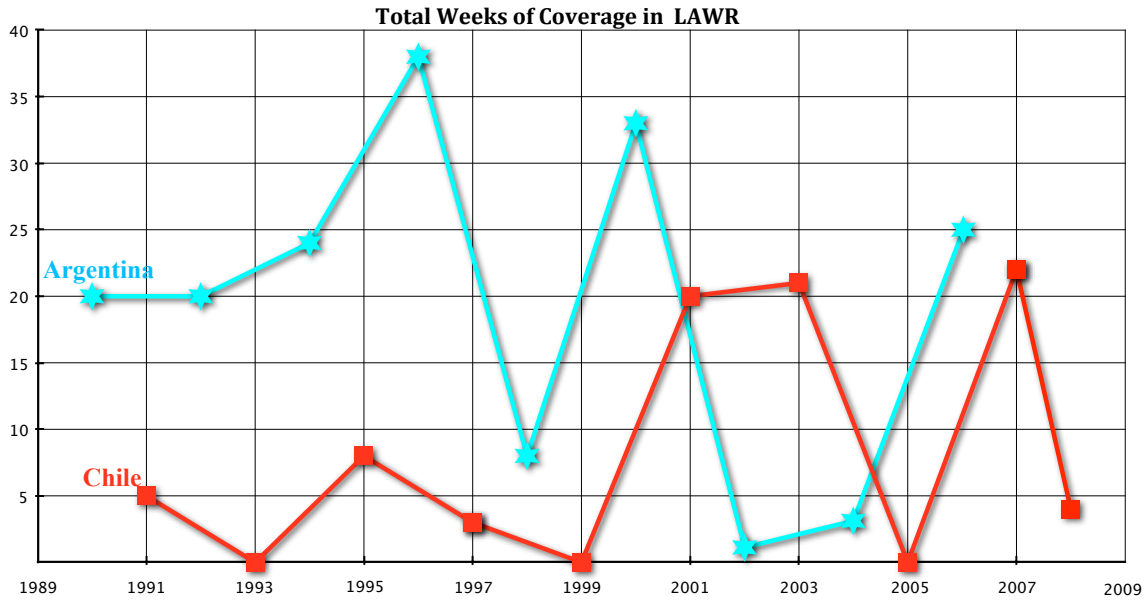
* Indicates scandals that made it to front page of at least two national newspapers

Table 3.3. Corruption Scandals in Chile by Unit of Analysis

Unit of analysis	Corruption Scandal	Duration in LAWR (weeks)	Lag between act and LAWR (weeks)
1990-1992	Pinocheques *	2	15
	La Cutufa	3	20
	TOTAL PERIOD	5	
1992-1994			
	TOTAL PERIOD	0	
1994-1996	Codelco *	8	32
	TOTAL PERIOD	8	
1996-1998	Caballo Hermosilla	1	2
	TOTAL PERIOD	1	
1998-2000			
	TOTAL PERIOD	0	
2000-2002	Golden Handshakes *	3	69
	MOP-Gate *	14	25
	Overpayments *	2	78
	Rancagua briberies *	1	10
	TOTAL PERIOD	20	
2002-2004	MOP-Ciade *	3	19
	MOP-U de Chile *	2	25
	MOP-Idecon	2	12
	Corfo-Inverlink *	14	35
	TOTAL PERIOD	21	
2004-2006			
	TOTAL PERIOD	0	
2006-2008	Chiledeportes *	14	21
	Publicam *	8	42
	TOTAL PERIOD	22	
2008-2010			
	TOTAL PERIOD	4	

* Indicates scandals that made it to front page of at least two national newspapers

Figure 3.1. Variation in Corruption Scandals in Argentina and Chile



The levels of both intra-government as well as inter-party competition also show important variation over time. Tables 3.4 and 3.8 summarize the results of presidential, legislative, provincial (in Argentina) and municipal (in Chile) elections throughout the period. These tables show how despite the overall dominance of the PJ in Argentina and the Concertación in Chile, there were changes in political dynamics over time, both within PJ and Concertación, as well as in relation to the opposition. There are periods in which the government coalitions have absolute or relative majorities in Congress, but there are also instances of divided government, where the opposition controls the legislative power. Municipal and Provincial elections follow a somewhat different path than national elections. In the Argentinean case the Peronists have control of a majority of governorships since the return to democracy in 1983. In Chile, since the first municipal

elections in 1992 the initial dominance of the Christian Democrats within the Concertación has diminished throughout the period.

In terms of the internal dynamics of the government coalitions, Tables 3.6 and 3.10 provide summarized information on the changes in cabinet composition throughout the period under analysis, which will be analyzed in detail in following chapters.[23] These Tables provide counts of the number of cabinet changes during each two-year period and information on other indicators of intra-government competition, and then present a qualitative score of the level of intra-government competition for each observation. These scores are meant to provide an overview of the case studies of Chapters 4 and 5. A cursory look at these values once again shows all the variation throughout this period.

The dynamics of inter-party competition are reviewed in Tables 3.6 and 3.9, which offer summaries of the control of governorships and the composition of congress in Argentina and the composition of congress, results of municipal elections and fragmentation of the opposition in Chile. Again, these Tables include qualitative scores for each observation and show all the variation in terms of opposition threat through time.

[23] The Appendix contains detailed information on Cabinet formation data throughout the period analyzed.

Table 3.4: Elections in Argentina

Year	Presidential	Representatives	Senators	Governors
1989	PJ: 47.49%, UCR: 32.45%, UCeDe: 6.87%, Others: 13.19%	PJ: 44.68%, UCR: 28.75%, AC: 9.6%, Others: 16.97%		
1991		PJ: 40.22%, UCR: 29.03%, PdD: 17.02%, Others: 13.73%		PJ: 60.86%, UCR: 17.39%, Others: 21.73%
1993		PJ: 42.46%, UCR: 30.23%, PdD: 14.30%, Others: 13.01%		
1995	PJ: 49.94%, AFPS: 29.30%, UCR: 16.99%, Others: 3.77%	PJ: 43.03%, UCR: 21.70%, AFPS: 20.69%, Others: 14.58%		PJ: 60.86%, UCR: 21.73%, Others: 17.39%
1997		PJ: 36.36%, ATJE: 34.55%, UCR: 8.74%, PdD: 7.18%, Others: 13.17%		
1999	ATJE: 48.37%, PJ: 38.27%, AR: 10.22%, Others: 3.14%	ATJE: 43.70%, PJ: 32.33%, AR: 7.54%, Others: 16.43%		PJ: 62%, UCR: 24% Others: 14%
2001		PJ: 37.4%, ATJE/UCR: 23.1%, ARI: 7.2%, Others: 32.3%	PJ: 55.5%, ATJE: 26.38%, UCR: 8.3%, Others: 9.7%	
2003	UFL: 24.45%, FPV: 22.24%, AMFRC: 16.37%, FMPUL: 14.11%, ARI: 14.05%, Others: 8.78%	PJ: 40.73%, UCR: 9.78%, FREPOBO: 10.56%, ARI: 9.52%, AFEBA: 7.62%, Others: 21.80%	PJ: 58.33%, UCR: 25%, Others: 16.6%	PJ:58.33%, UCR: 20.83%, Others: 16.66%
2005		FPV: 29.9%, UCR: 8.9%, ARI: 7.2%, PJ: 6.7%, PRO: 6.2%, Others: 41.1%	PJ: 54.16%, FPV: 20.83%, UCR: 12.5%, Others: 12.5%	
2007	FPV: 45.29%, CC: 23.04%, ACNA: 16.91%, AFJUL: 7.64%, Others: 7.12%		FPV: 45.83%, UCR: 16.66%, ARI: 16.66%, Others: 20.83%	PJ: 58.33%, UCR: 8.33%, Others: 25%

Table 3.5. Independent Variable: Intra-Government Competition in Argentina

Period	**Intra-Government Competition**	
	Cabinet Dynamics	**Score**
Menem I. 1989-1991	6 Cabinet Changes. Power struggle between 2 main factions: *Celestes* and *Rojo Punzó*.	**High**
Menem I. 1991-1993	5 Cabinet Changes. Cavallo emerges as powerful figure, deepening existing struggles between *Celestes*, and *Rojo Punzó*.	**High**
Menem I. 1993-1995	3 Cabinet Changes. Cavallo becomes even more powerful, gets closer to *Celestes*, which brings balance between factions.	**Mid to High**
Menem II. 1995-1997	4 Cabinet Changes. Cavallo enters important conflict with Menem and supporters.	**High**
Menem II. 1997-1999	1 Cabinet Change. Cavallo is out. Rojo Punzó control cabinet.	**Low to Mid**
de la Rúa. 1999-2001	6 Cabinet Changes. Frepaso starts with some cabinet posts, eventually loses them. Also, deep divisions between old school radicals and. Outsiders also get posts in cabinet.	**High**
Duhalde. 2002-2003	2 Cabinet Changes. All PJ cabinet members. After economic crisis there is little room for struggles. Few truly powerful ministers.	**Low**
Kirchner. 2003-2005	2 Cabinet Changes. Kirchner does not hold cabinet meetings and makes a point of having one-on-one meetings with each cabinet member, not allowing for groups to form. Lavagna is only powerful figure in cabinet.	**Low to Mid**
Kirchner 2005-2007	3 Cabinet Changes. Lavagna leaves the government. Kirchner still keeps a close circle of insiders, but two opposing factions clearly emerge: *Pingüinos* and Albertistas.	**High**

Sources: Argentina's Official Bulletin: www.boletinoficial.gov.ar, Amorim Neto (2006), Keesing´s record of world events: www.keesings.com

Table 3.6. Independent Variable: Inter-Party Competition in Argentina

Period	**Inter-Party Competition**		
	Composition of Congress	**Control of Governorships**	**Score**
Menem I. 1989-1991.	PJ has simple majority in House (difference with opp. is > 10%) and absolute majority in Senate.	17/23 Provinces in control of PJ· UCR controls 2 provinces (including Córdoba).	**Low**
Menem I. 1991-1993	PJ has simple majority in House (difference with opp. is > 15%) and absolute majority in Senate.	14/23 Provinces in control of PJ· UCR controls 4 provinces (including Córdoba).	**Low to Mid**
Menem I. 1993-1995	PJ has simple majority in House (difference with opp. is > 15%) and absolute majority in Senate.	14/23 Provinces in control of PJ· UCR controls 4 Provinces (including Córdoba).	**Mid**
Menem II. 1995-1997 [a]	PJ has absolute majority in both chambers.	14/24 Provinces in control of PJ· UCR controls 5 Provinces (including Córdoba and city of BA).	**Low**
Menem II. 1997-1999	PJ has simple majority in House (difference with opp. is < 5%) and absolute majority in Senate.	14/24 Provinces in control of PJ· Alianza controls 5 Provinces (including Córdoba and city of BA).	**Mid to High**
de la Rúa. 1999-2001	Alianza has simple majority in House (difference with opp. is > 10%) and PJ has absolute majority in Senate.	7/24 Provinces in control of Alianza (including city of BA). PJ controls 15 Provinces (including Buenos Aires, Córdoba, Santa Fe, and Mendoza)	**High**
Duhalde. 2002-2003	PJ has simple majority in House (difference with opp. is < 10%) and absolute majority in Senate.	14/24 Provinces in control of PJ· Former Alianza controls 9 Provinces (including city of BA).	**Low**
Kirchner. 2003-2005	FPV has simple majority in both chambers with less than 40% (no opp. Party has > 20%).	16/24 Provinces in control of PJ (not all support Kirchner)· Former Alianza controls 6 Provinces (including city of BA).	**Mid to High**
Kirchner 2005-2007	FPV has simple majority in House (difference with opp. is > 15%) and absolute majority in Senate.	14/24 Provinces in control of PJ. UCR controls 8 provinces (but 4 are considered *Radicales K*, who support Kirchner.)	**Low**

Sources: Dirección Nacional Electoral, Ministerio de Interior.

[a] Number of senators increased from 48 to 72 after Constitutional Reform of 1994.

Table 3.7. Elections in Chile

Year	Presidential	Representatives	Senators	Concejales	Alcaldes
1989	CPD: 55.17%, DP: 29.40%, UCCP: 15.43%	CPD: PDC: 25.99%, PPD: 11.45%, PRD: 3.84%, Others: 10.1%1. DP: RN: 18.28%, UDI: 9.82%, Others: 6.09%. Other Coalitions: 13.63%	CPD: PDC: 32.18%, PPD: 12.06%, PRD: 2.17%, Others: 8.21%. DP: RN: 10.76%, UDI: 5.11%, Others: 18.98%. Other Coalitions: 10.51%		
1992				CPD: PDC: 28.93%, PS: 8.53%, PPD: 9.21%, PRD: 4.91%, Others: 1.73%. PP: RN: 13.44%, UDI: 10.19%, Others: 6.03%. Other Coalitions: 17.03%	CPD: PDC: 30.88%, PS: 8.36%, PPD: 8.12%, PRD: 6.87%, Others: 2.78%. PP: RN: 19.79%, UDI: 8.84%, Others: 7.69%. Other Coalitions: 5.67%
1993	CPD: 57.98%, UPC: 24.41%, Others: 17.54%	CPD: PDC: 27.12%, PS:11.93%, PPD: 11.84%, PRD: 2.98, Others: 1.53%. UPC: RN: 16.31%, UDI: 12.11%, Others: 8.26%. Other Coalitions: 7.93%	CPD: PDC: 20.22%, PS:12.72%, PPD: 14.71%, PRD: 6.37, Others: 1.45%. UPC: RN: 14.92%, UDI: 10.15%, Others: 12.25%. Other Coalitions: 7.2%		
1996				CPD: PDC: 26.21%, PS: 11.15%, PPD: 11.74%, PRSD: 6.54%, Others: 0.50%. UC: RN: 18.46%, UDI: 13.02%, Others: 0.99%. Other Coalitions: 11.40%	CPD: PDC: 27.23%, PS: 10%, PPD: 11.13%, PRSD: 8.97%, Others: 1.41%. UC: RN: 23.43%, UDI: 12.07%, Others: 0.66%. Other Coalitions: 5.11%
1997		CPD: PDC: 22.98%, PPD: 12.55%, PS: 11.05%, PRSD: 3.13, Others: 0.81%. UC: RN: 16.77%, UDI: 14.45%, Others: 5.03%. Other Coalitions: 13.23%	CPD: PDC: 29.22%, PPD: 4.29%, PS: 14.58%, PRSD: 1.79. UC: RN: 14.85%, UDI: 17.19%, Others: 4.60%. Other Coalitions: 13.48%		
1999	First Round: CPD: 47.96%, AC: 47.51%, Others: 4.52%. Second Round: CPD: 51.31%, AC: 48.69%				
2000				CPD: PDC: 21.62%, PS: 11.28%, PPD: 11.41%, PRSD: 5.42%, Others: 2.40%. Al: RN: 15.54%, UDI: 15.97%, Others: 8.59%. Other Coalitions: 7.78%	CPD: PDC: 23.96%, PS: 11.25%, PPD: 11.44%, PRSD: 5.51%, Others: 4.57%. Al: RN: 17.14%, UDI: 10.78%, Others: 12.05%. Other Coalitions: 3.30%
2001		CPD: PDC: 18.92%, PPD: 12.73%, PS: 10%, PRSD: 4.05%, Others: 2.20%. AC: UDI: 25.18%, RN: 13.77%, Others: 5.38%. Other Coalitions: 7.83%	CPD: PDC: 22.84%, PPD: 12.66%, PS: 14.71%, PRSD: 1.10%. AC: UDI: 15.18%, RN: 19.74%, Others: 9.10%. Other Coalitions: 4.65%		
2004				CPD: PDC: 20.30%, PS: 10.90%, PPD: 9.97%, PRSD: 4.60%, Others: 2.12%. UC: RN: 15.09%, UDI: 18.81%, Others: 3.78%. Other Coalitions: 14.43%	CPD: PDC: 21.90%, PS: 11.80%, PPD: 6.41%, PRSD: 3.06%, Others: 1.64%. Al: RN: 13.97%, UDI: 19.47%, Others: 5.27%. Other Coalitions: 16.57%
2005	First Round: CPD: 45.96%, RN: 25.41%, UDI: 23.23%, Others: 5.4%. Second Round: CPD: 53.50%, AC: 46.50%	CPD: PDC: 20.76%, PPD: 15.42%, PS: 10.05%, PRSD: 3.54%, Others: 1.99%. Al: RN: 14.12%, UDI: 22.36%, Others: 2.24%. Other Coalitions: 9.52%	CPD: PDC: 29.72%, PPD: 10.74%, PS: 12.07%, PRSD: 2.40%, Others: 0.80%. Al: RN: 10.80%, UDI: 21.56%, Others: 4.89%. Other Coalitions: 7.02%		

Table 3.8. Independent Variable: Intra-Government Competition in Chile

Period	**Intra-Government Competition**		
	Legislative Seats & Municipal posts	**Cabinet Dynamics**	**Score**
Aylwin 1990-1992	House of Representatives: 32.5% DC, 6.7% PPD, 4.17% PRSD, 13.3% PS. Senate: 23.9% DC, 4.34% PPD, 4.34% PRSD, 10.87% PS	0 Cabinet Changes. All coalition parties represented in cabinet. DC has over half the posts. No conflicts within government. Democratic stability is perceived to be most important goal.	**Low**
Aylwin 1992-1994	Alcaldes: 30.88% DC, 8.36% PS, 8.12% PPD, 6.87% PRSD Concejales: 28.93% DC, 8.53% PS, 9.21% PPD, 4.91% PRSD	1 Cabinet Change. All coalition parties were represented in cabinet, but DC had over half the posts (including interior and defense).	**Low**
Frei 1994-1996	House of Representatives: 30.8% DC, 12.5% PPD, 1.6% PRSD, 13.3% PS Senate: 25% DC, 6.8% PRSD, 11.36% PS, 2.27% PPD	2 Cabinet Changes. Cabinet starts with dominance by DC (half the posts), but changes add PPD (Lagos) and PS figures (Insulza).	**Mid**
Frei 1996-1998	Alcaldes: 27.23% DC, 11.13% PPD, 10% PS, 8.97% PRSD Concejales: 26.21% DC, 11.74% PPD, 11.15% PS, 6.54% PRSD	4 Cabinet Changes. Changes bring back some DC figures, giving it control of over half the posts. Lagos and Insulza remain in cabinet.	**Low to Mid**
Frei 1998-2000	House of Representatives: 31.7% DC, 13.3% PPD, 3.3% PRSD, 9.17% PS Senate: 29.17% DC, 4.17% PRSD, 8.33% PS, 2.08% PPD	2 Cabinet Changes. After two DC governments, rotation is agreed, and Lagos set as candidate early on.	**Low**
Lagos 2000-2002	Alcaldes: 23.96% DC, 11.44% PPD, 11.25% PS, 5.51% PRSD Concejales: 21.62% DC,11.41% PPD, 11.28% PS, 5.42% PPD	1 Cabinet Change. Balance of forces in cabinet is even among parties. Some new faces, this upsets balance and dominance of DC. Conflicts begin to emerge.	**High**
Lagos 2002-2004	House of Representatives: 15.32% CD, 16.12% PPD, 4.84% PRSD, 8.88% PS Senate: 25% DC, 4.17% PPD, 4.16% PRSD, 10.41% PS	4 Cabinet Changes. Conflicts become more evident, particularly between PPD and DC.	**High**
Lagos 2004-2006	Alcaldes: 21.9% DC, 11.8% PS, 6.41% PPD, 3.06% PRSD Concejales: 20.3% DC, 10.9% PS, 9.97% PPD, 4.6% PRSD	4 Cabinet Changes. Coalition closes rank and conflicts disperse. Main worry is to maintain control of government after 2006.	**Mid**
Bachelet 2006-2008	House of Representatives: 13.11% CD, 15.6% PPD, 5.74% PRSD, 13.2% PS Senate: 10.52% DC, 7.89% PPD, 7.89% PRSD, 18.42% PS	5 Cabinet Changes. Bachelet begins term by getting rid of old guard and assigning new people to cabinet posts. Parties´ establishments resist and conflict emerges.	**High**
Bachelet 2008-2010	Alcaldes: 11.% DC, 8% PS, 5% others. Concejales: 9% DC, 9% PS, 4% others.	3 Cabinet Changes. Concertación closes rank, as parties' establishments are represented in cabinet. Some actors break from the coalition and run separate campaign, such as Enriquez Ominami	**Low**

Sources: Political Database of The Americas (Georgetown University and OAS), Servicio Electoral República de Chile, Ministerio de Interior, Gobierno de Chile, Biblioteca del Congreso Nacional de Chile, Amorim Neto (2006), Keesing´s record of world events: www.keesings.com

Table 3.9. Independent Variable: Inter-Party Competition in Chile

Period	**Inter-Party Competition**		
	Composition of Congress/ Municipal Election	**Fragmentation of Opposition**	**Score**
Aylwin 1990-1992	Concertación has absolute majority in House House (difference with opp. is > 15%). Opposition controls Senate.	RN has twice the seats of UDI. Senate has 15% of seat taken by Military.	**High**
Aylwin 1992-1994	Concertación wins majority of Concejales and Alcaldes.	RN gets twice the votes of UDI.	**High**
Frei 1994-1996	Concertación has absolute majority in House House (difference with opp. is > 20%). Opposition controls Senate.	RN has twice the seats of UDI.	**Mid to High**
Frei 1996-1998	Concertación wins majority of Concejales and Alcaldes.	Gap between RN and UDI gets smaller.	**Low to Mid**
Frei 1998-2000	Concertación has absolute majority in House House (difference with opp. is > 20%). Opposition has slight majority in Senate.	RN has more seats in House, UDI has more seats in Senate.	**Mid to High**
Lagos 2000-2002	Concertación wins majority of Concejales and Alcaldes by a landslide. Lagos wins presidency in run-off	RN and UDI are tied for votes in municipal election. UDI's Lavin emerges as leader of opposition.	**Low**
Lagos 2002-2004	Concertación has majority in House. Virtual tie in Senate.	UDI gets 10% more votes than RN.	**Low to Mid**
Lagos 2004-2006	Concertación wins slight majority of Concejales and Alcaldes. Opposition gets more votes than in prior elections.	RN and UDI get almost same amount of votes.	**High**
Bachelet 2006-2008	Concertación wins simple majority in both chambers. Bachelet wins presidency in run-off	RN and UDI get almost same % of votes. Failure to present single candidate divides opposition.	**Low**
Bachelet 2008-2010	Alianza wins a majority of Concejales and Alcaldes.	RN and UDI join forces. Piñera is the clear front-runner to be the candidate in upcoming elections.	**High**

Sources: Political Database of The Americas (Georgetown University and OAS), Servicio Electoral República de Chile, Ministerio de Interior, Chile

In order to evaluate the main argument of this study, it is necessary to see whether the hypothesized combinations of intra-government and inter-party competition result in the expected outcome in terms of the level of corruption scandals. High intra-government competition poses strong incentives for insiders to leak information, following either of the two strategies described in Chapter 2. Meanwhile, the constraints generated by the opposition differ from one strategy to the other. A high level of opposition threat poses important constraints on insiders looking to leap-frog, while the effect on insiders looking to jump-ship is curvilinear, as both high and low levels of opposition threat pose important constraints. Figures 3.2 and 3.3 present a cross-tabulation of the levels of competition in each country, where each bubble represents each observation and its placement responds to the qualitative scores assigned in Tables 3.6 through 3.9. The size of each bubble represents the number of weeks with news on corruption scandals in *LAWR* during that period, symbolizing the pervasiveness of corruption scandals. Larger bubbles indicate periods with higher levels of corruption scandals, while smaller bubbles indicate periods in which corruption scandals where not as common.

According to the arguments advanced, leap-frogging should result in large bubbles in the lower right quadrant, as insiders face strong incentives due to high levels of intra-government competition and weak constraints based on the low level of interparty competition. Meanwhile, ship-jumping should result in large bubbles also when the level of intra-government competition is high and when there is a moderate level of interparty competition. Looking at Figures 3.2 and 3.3, we see that there are large bubbles concentrated in the lower right quadrant in both cases, which is consistent with

leap-frogging being prominent both in Argentina as well as in Chile. This insight is consistent with the qualitative studies presented in the following chapters. Figure 3.2 also shows that in the Argentinean case there are two periods that fall in the upper right quadrant, suggesting that the power of the opposition does not pose such a tight constraint on insiders. As studied in depth in Chapter 4, during these periods in Argentina there were corruption scandals that emerged due to insiders following a ship-jumping strategy, which resulted in high levels of corruption scandals. During the period under analysis, high levels of competition within the Peronist Party define the Argentinean case, which was in control of the presidency during sixteen out of the eighteen years analyzed. The old division between Peronists and non-Peronists remains present in Argentinean politics, but the dominance of the PJ is undeniable. In terms of intra-government conflicts, the multiple divisions and coalitions among factions of the PJ help explain how there have been instances of both strategies taking place. Moreover, they also explain the general proclivity towards corruption scandals that is evident in Argentina. On the other hand, Figure 3.3 shows that the power of the opposition poses important constraints on insiders in Chile, as there are no cases with high levels of corruption scandals in the upper half of the graph. In line with this insight, the Chilean case study presented in Chapter 5 shows a lack of instances of ship jumping, which can be explained by the existence of two broad and ideologically different electoral coalitions that inhibit the possibility of coalition switching.

The Figures also show some noticeable differences between the cases. While the Chilean case shows a clear correlation between the levels of opposition threat and of

intra-government opposition, the Argentinean case does not. On the one hand, in the Chilean case, the higher the opposition threat, the less conflict or competition there appears to be inside government. Conversely, it is when the opposition is weak that the government coalition shows high level of competition. This feature of the Chilean case is also explained by the existence of two stable multi-party coalitions that compete for power, the Concertación, in the center left, and the Alianza, in the center right. In fact, during most of the twentieth century, Chilean politics had been defined by a three-way competition among center, right, and left, often referred to as *trestercios* (three-thirds) (Guzmán 1993; Rabkin 1996). But in the 1980s, the Pinochet regime imposed an electoral reform meant to break this pattern and generate a centripetal pattern of party competition that resulted essentially in a two-party system, which characterizes the period under analysis in this study (Gamboa 2006: 70).

On the other hand, the Argentinean case shows less of a correlation between the levels of intra-government competition and the level of opposition threat. The political sphere is not as organized and structured by ideological divisions as Chile, which creates more flexibility and options for political insiders who can join a number of political forces that are compatible with their political stance. As will be analyzed in the following chapter, Peronism crosses ideological divides. Therefore, government coalitions tend to be more short-lived and the political scene more fluid, which explains how in some periods there can simultaneously exist high levels of political competition both inside government as well as between government and the opposition. Moreover, the financial

crisis of 2001-2002 helps explain why during some other periods there was low political competition overall, as during Duhalde's short presidency and Kirchner's initial years.

Figure 3.2. Bubble Graph Argentina.

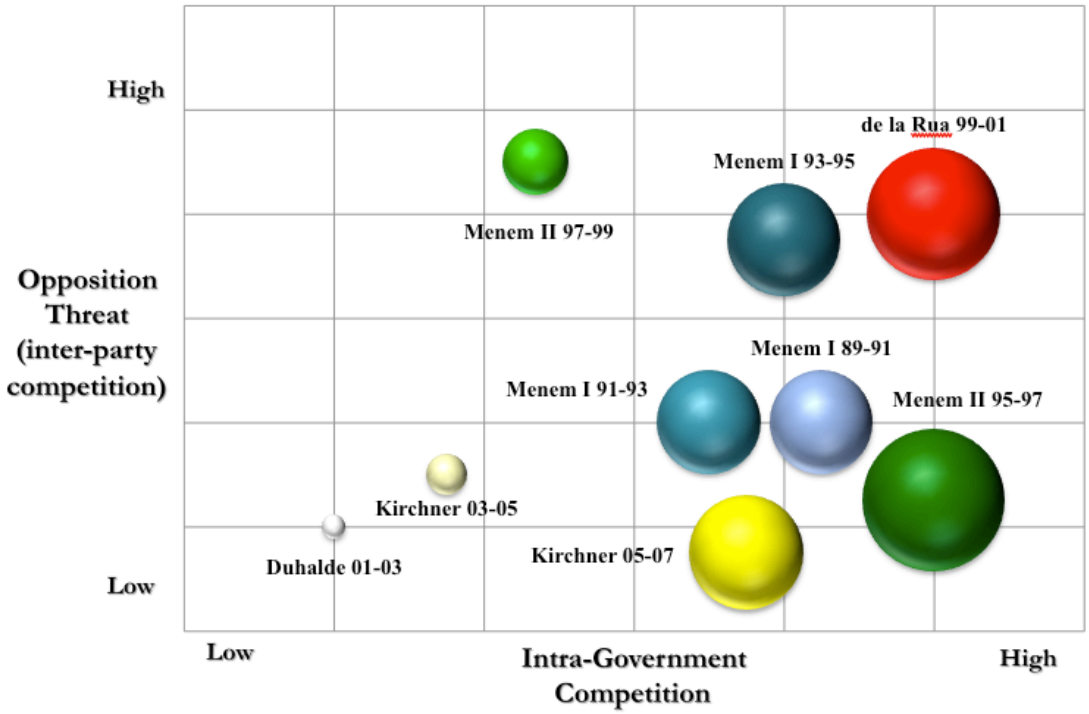
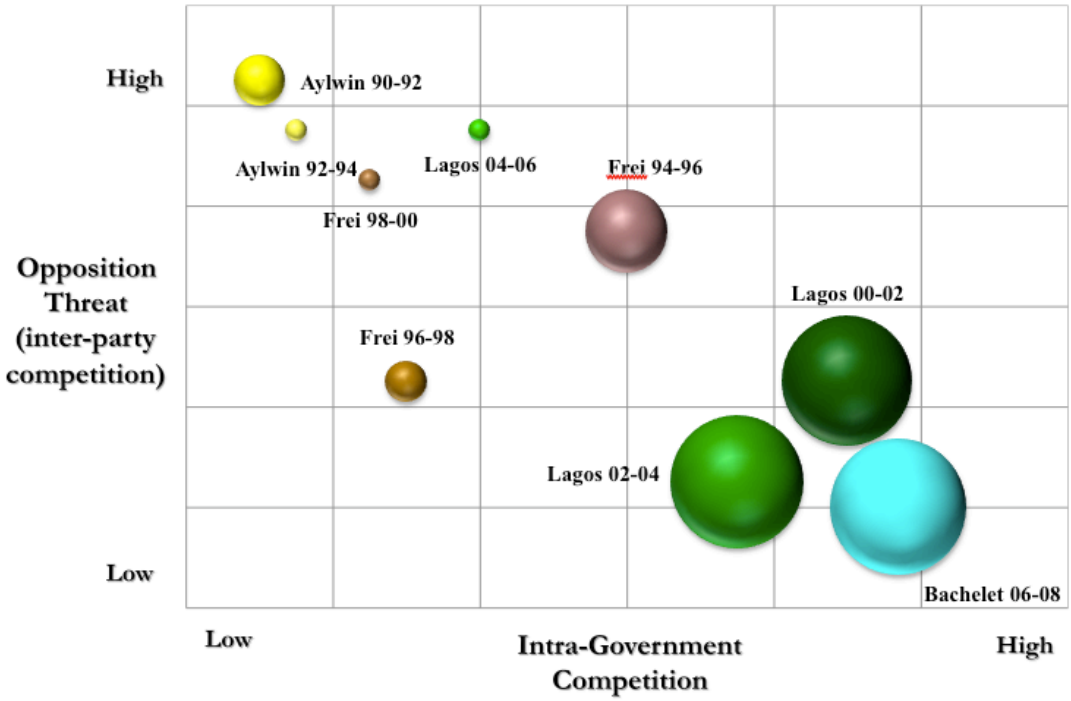


Figure 3.3. Bubble Graph Chile



CONCLUSIONS

This chapter has assessed the political explanation for the emergence of corruption scandals that was proposed in Chapter 2. In order to do so, it employed evidence from Argentina and Chile through twenty years, aggregated in two-year units of analysis. Information on political dynamics was pared down to a few indicators that were then used in order to analyze whether the hypothesized configurations generated high levels of corruption scandals, as predicted by the theory. The qualitative studies presented in proceding chapters provide details that show that the generalizations presented here fit the individual complexities of each case.

It is important to point out that the analysis presented in this chapter could be improved in a number of different ways, which will be explored in the near future. For instance, more cases could be included in the study, which would increase the number of observations making possible the use of statistical estimation techniques. At least initially, these cases would be other Latin American countries, but future research could also go beyond this region, as this dissertation argues that the theory presented could be applied elsewhere. Another improvement would be to provide better measures of independent variables that aggregate the indicators used to assess these variables in an explicit and consistent manner. Ideally, these measures of political competition could also be more fine-grained in order to capture more of the variation, which would also provide more observations. These suggestions for improvements are based on the goal of providing a more in-depth analysis that could include the use of statistical estimation procedures in order to further the study of the emergence of corruption scandals.

In sum, the analysis presented in this chapter presents evidence that shows that both countries follow trajectories that are compatible with the arguments advanced. Despite the differences between Argentina and Chile, corruption scandals emerge in both countries under similar circumstances. The contrasts observed between Figures 3.2 and 3.3 can be explained by the different characteristics of political competiton in Argentina and Chile, which is shaped by electoral rules and the structure of the party system. As seen, and in line with prior expectations, Chile has had lower levels of corruption scandals than Argentina through the period under analysis. This difference is explained by the fact that although political competition takes place in both countries, the existence

in Chile of two stable coalitions that are clearly distinct ideologically shapes the political sphere, channeling competition and limiting the options of politicians and factions in triggering corruption scandals. Meanwhile, the general messiness of Argentinean politics, defined by the PJ—a typical catch-all party that is also ideologically heterogeneous—usually generates tremendous competition inside government and leaves many options open for political insiders. Therefore, although we see that leap-frogging is prevalent in both Argentina and Chile, we alse observe that in Argentina there are some instances of ship-jumping while in Chile this strategy seems unavailable for insiders.

In a different vein, the analysis also shows that both in Argentina as well as in Chile there are lags of time that take place between the moment the alleged transgressions happen and the moment news on those acts become corruption scandals. These lags of time present great variation, which suggests that the transformation from corruption to scandal does not follow a linear process that is repeated in each scandal. This chapter—and this dissertation—makes the point that political insiders trigger this transformation and that these insiders face a set of incentives and constraints that are based on dynamics of political competition.

Moreover, this chapter also shows that there is important variation in the political configuration and the pervasiveness of corruption scandals even within presidencies. A number of cases presented here show instances where initial years defined by corruption scandals are followed by years with low levels of corruption scandals (such as Menem's second presidency in Argentina and Lagos' and Bachelet's terms in Chile). These cases provide evidence that show that the so-called honeymoon period, if it exists, is rather

short. Yet, other cases show the inverse path, where presidencies that initially had low levels of scandal then become defined by the pervasiveness of corruption scandals (Kirchner's presidency in Argentina). Therefore, another conclusion from this analysis is that there is not a single path where initial years are usually less scandalous than later years, or vice versa. The country chapters that follow analyze this sequencing more in depth, providing more details on the variation observed both from one presidency to the next, but also within each presidency.

In all, this chapter further demonstrates that corruption scandals are politically motivated, showing that the differences in the political characteristics of Argentina and Chile help explain the levels of scandal through time in each country. Moreover, the comparison across cases supports the generalizability of the arguments advanced in this study.

CHAPTER 4: ARGENTINA: FREQUENT SCANDALS IN A SETTING OF MULTIFACETED COMPETITION

Between 1989 and 2007, Argentina went through political and economic crises and through periods of relative stability. The crises in 1989 and 2001 were followed by periods of significant growth and stability, which eventually led back to bleak times of poverty and high unemployment. As Levitsky and Murillo (2005b) point out, between 1989 and 2003 Argentina went "full circle: from basket case to international poster child, and back to basket case." And then the cycle appears to keep on going, as once again Argentina looked like a nearly miraculous case of recovery in 2003 and 2004, only to go back to intense political turmoil a few months after the 2007 presidential election. Within this changing environment, few if any elements remained as prevalent in Argentinean politics as the emergence of corruption scandals involving some of the main political actors of the time.

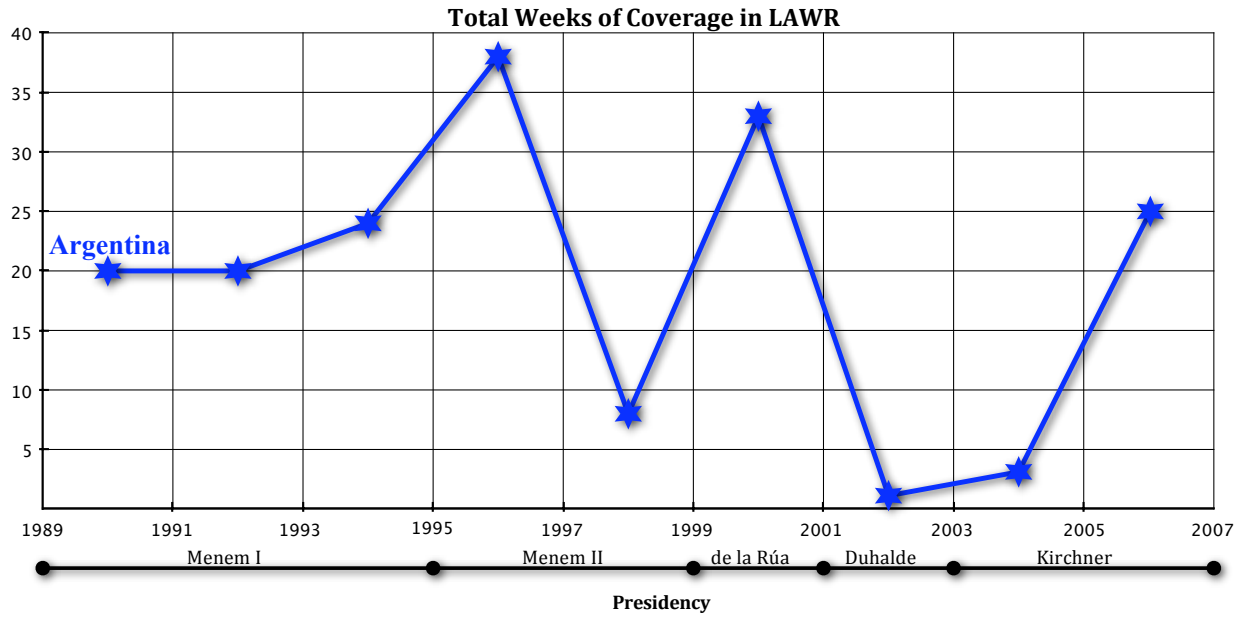
However, the pervasiveness of corruption scandals should not be understood to mean that scandals occurred at all times, or even that they were evenly distributed through time (see Figure 4.1). The objective of this dissertation is to explain the variation in corruption scandals through time. In particular, this chapter demonstrates how the dynamics of intra-government and inter-party competition drove the observed changes over time in Argentina. In doing so, it provides evidence that corruption scandals cannot be explained only as a consequence of either a growing practice of investigative

journalism, the creation of control agencies, or increased levels of corruption. While these elements play a role in how corruption becomes scandalous, the main trigger for why corruption comes to light is determined by political conflict among government factions and between the party or coalition in government and the opposition.

The empirical evidence in this chapter points to how both insider strategies (leap-frogging and ship-jumping) were prevalent to some extent during different moments in the period under analysis. Moreover, this chapter looks at a number of specific corruption scandals in depth, analyzing how they came to light. These specific scandals provide an in-depth look into the causal mechanisms in motion, tracing the process that led from intra-governmental political struggles to national level corruption scandals.

The chapter proceeds as follows. First, it opens with a brief assessment of political competition in Argentina, providing an overall assessment of the general structures of inter-party competition and intra-party factionalism. Then the study follows a chronological order, analyzing how the levels of political competition—independent variables outlined in Chapters 2 and 3—during each congressional period within each presidential term drive the level of corruption scandals. Finally, the chapter concludes by underlining the patterns that emerge from the analysis. In particular, it shows how corruption scandals are politically motivated by competition among political elites. Moreover, the analysis also shows how the institutional rules that shape the cycles of primaries and elections affect the dynamics of political competition.

Figure 4.1: Corruption Scandals in Argentina



POLITICAL COMPETITION

Argentina's complex political system generates competition on a number of different levels or sites, making it fairly difficult to assess or measure it clearly. There is competition among parties and electoral coalitions, in particular between the *Peronists* or the *Partido Justicialista* (Justicialist Party, PJ) and the *Unión Cívica Radical* (Radical Civic Union, UCR). Although the PJ has historically been stronger than the UCR, elections in Argentina are still competitive and contested, as results are generally uncertain. Moreover, there is also competition within each one of these and other parties. Intra-party factionalism is a common occurrence in Argentine politics, and particularly within the PJ. Lastly, there are also tensions that result in political competition emerging

from the different levels coexisting within Argentina's federal system. Political parties have different structures and strengths in different provinces or regions, which results in tensions both within as well as among the provincial chapters of parties. In all, this complexity requires a careful and methodical assessment of political competition in Argentina.

Competition at the Party System Level

When Argentina returned to democracy in 1983, after more than seven years of bloody military rule, the result of the presidential election was unprecedented: for the first time since the emergence of *Peronismo* and the *Partido Justicialista* (Justicialist Party, PJ), the *Unión Cívica Radical* (Radical Civic Union, UCR) won a national election in which the PJ was participating openly (Torre 2003: 648; Palermo and Novaro 1996: 68). Even though non-Peronists have won national elections again since 1983 (Fernando de la Rúa in 1999), it is difficult to overstate the importance of Peronism and the PJ in modern Argentinean politics. In fact, in a century marked by the alternation between democratic and military governments, the developments inside the PJ have defined the dynamics of political competition in Argentina.

In the 1983 election, in a context of polarization that created almost a two-party system and aided by the memory of the tragic end of the last Peronist government in 1976, the UCR was able to embody a successful cross-ideological non-Peronist option. Radical Raúl Alfonsín became president with the support of middle and upper classes, both on the center-right and the center-left. Since then, and at least partially due to

Alfonsín's rocky last couple of years in government, the UCR—and the non-Peronists more broadly—have become increasingly fragmented (Levitsky 2000: 61). The electoral coalition *Alianza por el Trabajo, la Justicia y la Educación* (Alliance for Jobs, Justice, and Education) with the new center-left *Frente del País Solidario* (Front for a Country in Solidarity, FREPASO) allowed the UCR to return to government in 1999, only to once again leave before the end of the term amid a social and economic crisis. Despite its undeniable decay at the national level, the UCR remains the most significant alternative to the PJ at the provincial level, thanks to its resilient political apparatus (Calvo and Murillo 2010). However, in all, the increasing fragmentation within the UCR, coupled by the departure of a number of its main political figures who left to start their own political parties, generated a scenario of growing disempowerment for the Radicals and the non-Peronists more broadly. In all, the overall Peronist dominance of Argentine politics tended to produce low levels of inter-party competition or opposition threat during large parts of the time period between 1989 and 2007.

A number of political alternatives to Peronism and the UCR emerged throughout the 1990's and 2000's, including the part-Peronist FREPASO, the center-right *Recrear para el Crecimiento* (Recreate for Growth, RECREAR) led by former Radical Ricardo López Murphy, the also center-right *Propuesta Republicana* (Republican Proposal, PRO), and the—initially—center-left *Argentinos por una República de Iguales* (Argentines for a Republic of Equals, ARI) led also by a former Radical, Elisa Carrió. However, none of these political parties have been able to consolidate support at the national level, and for the most part have only been electorally competitive in the city and

the province of Buenos Aires. Moreover, the Argentinean political sphere also includes a number of significant provincial parties, some of which have made alliances with national level parties.[24]

Intra-party Factionalism

In all, throughout the period under analysis Argentina had generally high levels of intra-government competition. On the one hand, most Peronist governments in this period encompassed a number of different factions that competed for power within the party and the government. On the other hand, the short-lived Alianza administration was run by a government coalition that included two parties that had little in common other than their opposition to the Peronist Party. This context warrants a focus on Peronism and the internal divisions within the movement, which is unavoidable in order to understand the dynamics of political competition and their consequences.

Since its origins, the PJ has been a thoroughly populist, highly personalistic, labor-based party with a fluid internal structure (Levitsky 2003b: 37-40). This latter characteristic helps explain its heterogeneity and ideological malleability (De Ipola 1987; Buchrucker 1987, 1998), which has resulted in the emergence of multiple and diverse Peronist factions that are usually in conflict with one another. In fact, most authors refer to Peronism as a *movement* rather than a political party (De Riz 1986: 674), emphasizing its social significance and a character that goes far and beyond a narrow understanding of

[24] Some of these parties are the *Partido Demócrata* in Mendoza, the *Fuerza Republicana* in Tucumán, the *Partido Autonomista* and the *Partido Liberal* in Corrientes, and the *Movimiento Popular Neuquino* in Neuquén.

a political party. In all, Peronism can be characterized as having high levels of intra-party factionalism and conflict throughout the period analyzed.

Federalism

Despite the great significance of both the city and the province of Buenos Aires in the Argentine political sphere, the federal dimension is still very relevant and key in understanding political dynamics (Ollier 2007). Federalism affects political competition both within parties or coalitions as well as at the party system level. Intra-party or coalition competition becomes decentralized in federal systems, as political parties have to come up with ways to establish local as well as national nominees (De Luca 2004). This task usually generates a tension between a top-down approach where decisions are made at the national level, and a bottom-up approach, where powerful local or regional politicians or factions decide or have a say in national nominations. In terms of the competition among different parties or coalitions, the federal dimension adds a level of complexity, as parties not only compete at national or local level, but also at the provincial level, having to address local or, in many cases, regional issues. Most provincial governors—particularly those from the provinces of Córdoba, Santa Fe, Mendoza, and Buenos Aires—are important political actors at the national level and participate in direct negotiations with the federal government (De Luca et al. 2002; Jones 1997b). Therefore, controlling governorships becomes a valuable asset for political parties, not only given the electoral benefits of being able to compete in multiple regions, but also in order to be able to negotiate with the government and the opposition.

CORRUPTION SCANDALS IN ARGENTINA

The combination of generally high levels of intra-government competition and usually low levels of inter-party competition or opposition threat explains why Argentina experienced more than its share of corruption scandals, as shown in this study. Put differently, the high volatility and complexity of Argentinean politics led to a context in which political competition was the norm, but where conflict was not always channelized through institutional frameworks. It is a context ripe for high levels of conflict and therefore, high levels of corruption scandals. The following sections look at each presidency in detail from 1989 to 2007, demonstrating how the varying dynamics of political competition both within the government as well as at the party system level affect the varying pervasiveness of corruption scandals at the national level.

CARLOS MENEM'S FIRST PRESIDENCY (1989-1995)

Don't they realize that by doing things this way we will all soon sink?
We are our own worst enemy!
Carlos Menem, referring to the internal disputes within his cabinet.[25]

Menem's first presidency, and in particular the first four years, provide a prime example of a combination of intra-government conflicts and a weak opposition resulting in an array of corruption scandals. On the one hand, Menem arrived to power with a broad coalition that included not only leftist and rightist Peronists, but also businessmen and members of the right wing pro-market *Unión del Centro Democrático* (Union of the Democratic Center, UCéDé). These diverse interests and factions did not take long to

[25] Quoted in Cerruti and Ciancaglini (1992: 266).

enter in competition with one another, producing a coalition riddled with internal struggles. On the other hand, Menem's government faced a very weak opposition, particularly during the first years given Alfonsín's crisis-induced early departure from government in 1989. The UCR's reputation was tarnished, and a portion of opposition votes gradually shifted towards the newly formed Frente Grande, which emerged out of a group of former Peronists who were disgruntled with Menem's policies after taking office.

These political dynamics posed many incentives and few constraints for insiders to leak damaging information, and as a consequence this period had a large number of corruption scandals that elicited lots of media and societal attention. Given the growing competition within government, and the lack of a viable opposition to jump to, most of these scandals resulted from government insiders attempting to leap-frog over their government allies in order to improve their position within Menem's circle of insiders.

First Congressional Term: 1989-1991

Menem won the presidency in 1989, after handily defeating Eduardo Angeloz, the UCR candidate and Governor of Córdoba who had a difficult task at hand, being the candidate of an incumbent party that drove the country into instability and hyperinflation. On his way to the presidency, Menem also had to win the Peronist primary, where he faced the renovation sector of the PJ led by Buenos Aires Governor Antonio Cafiero. Even before securing the nomination, Menem had created an unlikely coalition that included both left and right-wing Peronists (Palermo and Novaro 1996: 130; Cerruti

1993: 240) and some disenchanted *Cafieristas*, such as Eduardo Duhalde. Despite Cafiero's initial lead, Menem achieved the PJ nomination and proceeded to increase the heterogeneity of his circle even further by including former Cafieristas and reformers.

Once in power, and despite vague campaign speeches based on the discursive imaginary of historical Peronism promising *el salariazo* and the *revolución productiva*,[26] Menem quickly shifted to the implementation of market policies.[27] From the get go, he drew support from a highly heterogeneous group including most of the left-leaning and right-leaning Peronists, workers' unions, business leaders, right-wing parties such as UCeDe, and parts of the business sector such as Bunge & Born (B&B)—the main economic group in Argentina.[28] Moreover, Menem took office six months earlier than expected, as Alfonsín had to resign forced by a wave of mass looting caused by a context of crisis (Levitsky and Murillo 2005a: 26). Therefore, there was little time to adjust and accommodate disparate interests prior to assuming the presidency, which generated a context ripe for internal struggles for power and policy decisions.

The initial cabinet served as an example of Menem's broad coalition as it included business leaders, conservative politicians, and market-oriented technocrats, while also giving cabinet posts to the Catholic Church and the unions. In addition to this

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[26] These expressions mean big upward shock to wages and productive revolution. See Menem and Duhalde 1989: 117-118.

[27] Although the broken campaign promises were a surprise to most voters and to workers' unions, there were in fact signals during the campaign that pointed to either a lack of a clear government plan, or even to a clear preference for market liberalization (as recognized by insiders such as Roberto Dromi, an early cabinet member that led a number of privatization projects. See Stokes 1999: 72).

[28] B&B was historically opposed to Perón and Peronism. In fact, Perón himself had written a book that included a wide array of insults against Bunge & Born, called *Los Vendepatria. Las pruebas de una traición,* which can be translated as "The sell-outs. Evidence of a treason"(Perón 2006).

heterogeneity, Menem named second line public officers within each ministry from different factions than the minister, applying the old political maxim "divide and rule" and making himself the ultimate arbitrator among incompatible high-ranking officials (Santoro 1994: 50).

Whether seen as a strategy in order to concentrate power in himself, or as a consequence of a diverse and ideologically broad coalition, Menem soon realized the difficulties in trying to keep an unstable balance not only among his allies in business, technocrats, and unions, but also between two main factions of Peronists: *Celestes* and *Rojo Punzó*. The *Celestes* were a group of Peronist pragmatists who became market believers in the early nineties, led by Eduardo Menem, Eduardo Bauzá, José Luis Manzano, and Roberto Dromi, among others. Meanwhile, the also Peronist *Rojo Punzó*, were composed mainly of personal acquaintances from Menem's days as Governor of La Rioja, such as Alberto Kohan, Raúl Granillo Ocampo, and others.[29] The conflicts among factions within government, mostly for position and power in the administration, did not take long to emerge (Palermo and Novaro 1996: 268, 269). As a result, insiders faced strong incentives to leak damaging information about their intra-government competitors, which soon derived in mutual allegations of corruption.

For instance, the Celestes had initially fought hard to place Domingo Cavallo as Economic Minister, a post that had ended up under the sphere of influence of B&B. Hard feelings were evidenced only a few months after Menem took office, when Juan Bautista Yofre—Director of Intelligence and former employee of B&B—put forth a denunciation

[29] Some journalists coined this group as the "wild Menemists," or in Spanish, *menemistas salvajes*.

that involved Manzano in dirty deals regarding the concession of Bahía Blanca's Petrochemical Plant. As a response, the Celestes requested the dissolution of the *Secretaría de Inteligencia del Estado* (SIDE, National Intelligence Unit). Moreover, they pointed to Miguel Ángel Vicco—another Menem associate with close ties to B&B—as the head of another corruption scheme related to the tendering process of Puerto Madero.[30] Despite Menem's attempts to control internal struggles, the chain of allegations and counter allegations among insiders attempting to leap-frog and improve their position within government continued until the Peronist alliance with B&B was soon over in mid-December 1989.

Notwithstanding B&B's departure from government, internal divisions remained and even grew stronger. In fact, in December of 1989, a group of PJ members of Congress decided to split from the party as a response to Menem granting pardons to former members of the military Junta (Jones 1998: 4, 2002: 178; Abal Medina 1998: 4). This group, led by Carlos "Chacho" Álvarez, became known as the "Group of the Eight"—*Grupo de los ocho*—that eventually grew into the Frente Grande and then the FREPASO (Palermo and Novaro 1996: 222).

Meanwhile, insiders faced weak constraints to engage in a political battle for position within government since the opposition was in shambles. Thanks to the electoral victory by the PJ in 1987 (Levitsky 2000: 62) and again in 1989, the PJ controlled both chambers of Congress as well as most provincial governorships. In consequence, the

[30] Three different well-placed government insiders described this process of politically motivated counter-allegations to the author in confidential interviews conducted in 2006 and 2007.

opposition posed no real threat to Peronist power (Palermo and Novaro 1996: 146). The combination of rampant intra-government competition and an inchoate opposition posed many incentives and few constraints for insiders to leak damaging information, deriving in a period plagued with corruption scandals.

Privatization Scandals

During this period, privatization processes triggered internal conflict (Cerruti and Ciancaglini 1992: 121; Santoro 1994: 273-278), as different political insiders acted as brokers for potential buyers of national enterprises and services, selling privileged information for personal profit (Interview with Nosiglia 2006). During 1990 alone, counter-allegations among insiders generated national-level corruption scandals regarding the privatization of the flagship *Aerolíneas Argentinas*, national highways, and the telephone company ENTel.

In the case of Aerolíneas Argentinas, Roberto Dromi negotiated the sale with the Spanish carrier *Iberia*, without even creating the legal framework for the privatization. The sale took place through a process that allowed Iberia to purchase Aerolíneas Argentinas for free, using the acquired airline's assets to pay for it. Government insiders received bribes totaling $80 million for this privatization process (interviews with Horacio Verbitsky and Luis Moreno Ocampo, quoted in Manzetti and Blake 1996: 678). Although the privatization generated some suspicion while it was being carried out, it was not until the inspector general of the public administration (Alberto González Arzac, a Menem insider since the seventies) denounced irregularities that the case became a

scandal. Based on González Arzac's report, another Peronist rival filed an amparo in order to stop the privatization.

The case went to a judge who was outside of Menem's growing sphere of influence in the judiciary. Sensing that the whole privatization process was at risk, Dromi, Minister of Public Works at the time, appealed to the new so-called automatic majority[31] in the Supreme Court using an obscure procedure called *per saltum*, which had never been used before (Bonasso 2003)[32]. As expected, the Supreme Court quickly ruled in favor of the government, allowing the privatization to go forward.[33]

This corruption scandal, one of the first during Menem's first term, is an example of how intra-government competition poses incentives for insiders to disclose corrupt schemes and thus generate corruption scandals. In this specific case, different political brokers represented bidders from different countries, with Dromi holding the upper hand since he was in charge of the privatization. González Arzac was closer to the Rojo Punzó faction. As he recognizes, the information that the process was rigged in favor of Iberia came from another political broker, who stopped by his office to let him know that the competing company was withdrawing its offer (interview quoted in Arroyo Picard and Juliá 2002: 251, 252). It was after this initial leak that González Arzac prepared his report, and the scandal emerged, hurting Dromi and the Celestes.

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[31] Menem increased the number of judges in the Supreme Court from five to nine in April 1990, which allowed him to name four new judges, ensuring the political control of the Tribunal. For a detailed account of the negotiation that allowed Menem's absolute control of the Supreme Court, see Verbitsky 1993.

[32] Per saltum was a way for higher courts to bypass lower courts, claiming imminent "irreparable damage" that could only be avoided through a quick decision from the Supreme Court (Bill Chavez 2004: 463, 464).

[33] Only eighteen years later, in 2008, the judicial system declared that the privatization was illegal and void (Hauser 2008).

The privatization of the National Telephone Company, ENTel, shows a similar process of internal denunciations resulting in a national-level corruption scandal. It was another Menem insider, María Julia Alsogaray, who managed the privatization of ENTel. The daughter of right-wing UCéDé leader Álvaro Alsogaray, María Julia was a historical enemy of José Luis Manzano and therefore of the Celestes (Capalbo and Pandolfo 1992: 170). She represented the interests of bidders from the US, while the Celestes advocated in favor of European bidders (Verbitsky 1991a: 219; *Clarín* 1990a, 1990b). The Celestes used their connections with Hugo Anzorreguy, head of the SIDE, to get a recording in which bidders mentioned María Julia's connections to the North American bidders. These tapes made it to the press and tilted the balance towards *Telefónica* of Spain and Telecom-STET of France and Italy—heavily supported by Manzano and Dromi—which ended up buying ENTel in the midst of the scandal (Manzetti and Blake 1996: 679). A year later, the Italian justice system determined that Gianni De Michelis, the Italian Foreign Minister who had endorsed the Telecom bid, and some Argentine officials (including Manzano) had received unlawful commissions for their mediation role (Incerti 1993: 11).

Thanks to her personal connection to Menem and despite losing the initial battle to aid her preferred bidders, María Julia Alsogaray survived this first scandal unscathed and managed to be appointed as administrator of the residual ENTel company (Verbitsky 1991a: 258-259). Nevertheless, she once again was in trouble a year later in 1991 and 1992, as her confrontations with Domingo Cavallo would eventually revive the scandal

and put her in a compromised legal situation regarding unapproved payments made to creditors (*Clarín* 1991a, 1991b, 1991c).

Both these scandals, together with the privatization of highways, caused a major change in the cabinet in the first weeks of 1991 that ousted Dromi from office (Manzetti and Blake 1996: 679). However, this cabinet change, which included a broader reshuffling, did not take place until what was perhaps the most important corruption scandal in Menem's first term in office, known as the Swift Gate (Waisbord 2004: 1074; Peruzzotti 2003: 10; Manzetti and Blake 1996: 678).

The Swift Gate Scandal

This scandal emerged in January 1991 when *Página/12* published a news piece about the government requesting bribes from foreign private companies (Verbitsky 1991b). The author of the article, Horacio Verbitsky, specifically mentioned a letter sent to the government by the US Ambassador Terence Todman, accusing a high-powered official of requesting bribes from Armour Swift—one of the oldest foreign meat processing plants based in Argentina—in order to allow the import of machinery. The government had already addressed the issue in mid-December (Cerruti and Ciancaglini 1992: 237), when Menem signed the decree authorizing the import. However, the letter from Todman made it to the press, drawing attention to an issue that Menem wanted to keep under the rug. There was a strong reaction to the article in *Página/12*, as Menem literally referred to it as an "act of journalistic delinquency" (Cerruti and Ciancaglini 1992: 241). The bribery accusations involved Emir Yoma, the President's brother-in-law.

However, more than hurting Emir Yoma himself, the internal leak[34] had ulterior political motives, such as cooling the relationship between Argentina and the US favored by some government insiders (including the Foreign Affairs Minister at the time, Domingo Cavallo) in order to benefit other destinations when it came to privatizations (confidential interview with well-placed government insider 2006).

The internal disputes for power among government factions once again had generated a corruption scandal. The cabinet change that followed the Swift-Gate provided further indications of the sources of the scandal. The reshuffle removed two politicians who were connected with the most important corruption scandals at the time (Yoma and Dromi). In order to settle the score and not let any faction win the battle, Menem also got rid of the alleged sources of the leak, Kohan and Granillo Ocampo, and a few weeks later promoted Cavallo to a recently broadened Ministry of the Economy. Cavallo quickly became Menem's star Economic Minister, as his economic plan, anchored in tying the value of the Argentine peso to that of the American dollar (*Convertibilidad*), was successful in stabilizing an economy still bordering on crisis and turmoil. However, "Menem did not entirely trust Cavallo, and was always trying to tame him" (interview with Marx 2007).

Overall Assessment 1989-1991

In all, the first two years of Menem's presidency were defined by internal struggles for dominance within government, in a context in which the opposition was in

[34] In 2007, Horacio Verbitsky still refused to comment on the precise identity of the source, saying only that it was an "undeniable source from within the government" (Interview with Verbitsky 2007).

disarray. As a result of the strong incentives to leak damaging information and the weak constraints against doing so, in these years there were ten corruption scandals that made it all the way to *LAWR*, generating twenty weeks of coverage. As shown in the preceding sections, corruption scandals emerged as insiders were jockeying for power, following a leap-frogging strategy to advance their position over intra-government competitors for power, resources, and even policy direction.

Second Congressional Term: 1991-1993

Following the PJ victory in the 1991 congressional and provincial government elections, the general trend of the prior two years continued. The political sphere between 1991 and 1993 was again characterized by a combination of strong intra-government competition and a weak opposition. On the intra-government front, two factions (Celestes and Rojo Punzó) and two main political figures outside these factions (Menem and Cavallo) struggled for power (Palermo and Novaro 1996: 355). Meanwhile, the opposition remained feeble, as the UCR—still the main opposition party—had a poor showing in the 1991 elections. As in the prior period, strong incentives and weak constraints for insiders to leak damaging information generated a number of mostly short-lived corruption scandals.

After the corruption scandals in the first couple of months of 1991, and as congressional and provincial governorship elections approached, the PJ put the internal struggles on hold (confidential interview with a former PJ member of congress 2007). This pre-electoral truce coincided with a period in which no new national level corruption

scandals emerged until 1992. In fact, as discussed later in this chapter, this scandal-less period prior to elections is recurrent.[35]

The PJ easily carried the 1991 elections, winning a majority in the House of Representatives and fourteen out of twenty-three governorships (Cabrera 1996: 480). The composition of the cabinet and of the government coalition was at this point substantially different than at the beginning of Menem's term. However, intra-government competition levels remained high, as Celestes and Rojos Punzó struggled in the cabinet as well as in Congress in order to establish themselves as the dominant faction. Moreover, Domingo Cavallo became a major actor and power figure, claiming credit for the early accomplishments of his economic policies.

In a context in which there were a number of power players within government while the threat from the opposition continued to be weak, internal conflicts reemerged soon after the elections. Some of the many corruption scandals during this period involved the slimming down of the state steel company *Sociedad Mixta Siderúrgica Argentina* (SOMISA) before privatization, ENTel's second round of scandals involving Alsogaray, irregularities in medical service contracts within the agency in charge of health care for older people (*Programa de Atención Médica Integral*, PAMI), and most notably the corruption scandal involving the sale of powdered milk.

[35] The exact timing and length of the period without scandals depends on the nomination process that takes place within parties or electoral coalitions before elections.

The Powdered Milk Scandal

This scandal involved the purchase by the state of powdered milk destined for distribution among the poor; but this milk turned out to be unfit for consumption. A company owned by Carlos Spadone and Miguel Angel Vicco was accused of carrying out the operation. Vicco was Menem's private secretary and close friend, and his forced resignation was a big blow for Menem (Capalbo and Pandolfo 1992: 248-249). The scandal was, according to the *Latin American Weekly Reports* (1992) and to a well-placed government insider (confidential interview 2006), triggered by the Interior Minister Manzano, who was at the time being accused of misdeeds while in office. Manzano was soon removed from cabinet, given his reputation as one of the most corrupt members of government[36] and his growing conflicts with other political insiders.

Overall Assessment 1991-1993

As was the case in the preceding two-year period, the internal struggles were generating plenty of incentives for insiders to attack each other, while an opposition that was barely managing to survive posed few if any constraints for power struggles within government. The consequence was persistently high levels of corruption scandals, which at least partially affected the image of Menem's administration (Palermo and Novaro 1996).

[36] Manzano was the one to respond, when asked by a Congress member about his involvement in shady deals, "yo robo para la corona," or "I steal for the crown" (Verbitsky 1991a: 114-115).

Third Congressional Term: 1993-1995

The last two years of Menem's first presidential term were defined by his efforts to achieve a constitutional reform allowing for his reelection, which required negotiations both within the PJ as well as with the opposition. The internal quarrels within government generated continued incentives for insiders to leap-frog over competitors. Moreover, the emergence of a partly Peronist opposition party (FREPASO) also induced some disgruntled insiders to jump ship and join the new force. Therefore, the political dynamics continued to generate high levels of corruption scandals.

Similarly to the 1991 elections, the months prior to the 1993 race were relatively scandal-free thanks to another pre-electoral truce (confidential interview with a former PJ member of congress 2007). Facing a struggling UCR and a number of smaller parties, the PJ managed to win an absolute majority in the House of Representatives (Cabrera and Murillo 1994). This electoral victory was considered by Menem as "a mandate to reform the Constitution and thereby allow him to seek reelection (explicitly forbidden in the historical text)" (Cabrera 1996: 481). In fact, the year after the 1993 election was punctuated by Menem's push for reelection, which generated heightened tensions both inside the government coalition as well as with the opposition.

Within the government coalition, Menem had to deal with the incipient presidential hopes of both Eduardo Duhalde, former vice-president and then Governor of the Province of Buenos Aires (Palermo and Novaro 1996: 404), and Domingo Cavallo, who grew stronger thanks to the success of his economic model and the resulting boom. On the one hand, Duhalde and Menem quickly reached a deal that ensured Duhalde's

support for the reelection in exchange for Menem's promise that Duhalde would be the PJ presidential candidate in 1999 (confidential interview with well-placed government insider 2007). On the other hand, despite the growing tensions between Cavallo and Menem, and particularly between Cavallo and some of Menem's closest collaborators, both were able to maintain the truce they negotiated in 1992 when Cavallo's profile began to grow (Santoro 1994: 21-22).

Notwithstanding these arrangements, conflict continued to be prominent within the government coalition among second line politicians representing Celestes and Rojos Punzó (Interview with Nosiglia 2006). Moreover, some PJ provincial politicians who were not part of either of the two main factions (such as José Octavio Bordón) started to leave the government coalition and join the opposition. Hence, the persistent intra-government tensions (Palermo and Novaro 1996: 432-436) continued to pose incentives for insiders to defect and damage the reputation of their government allies.

The level of inter-party competition and opposition threat continued to be rather low, as Menem was still enjoying approval ratings of around 60%. The Radicals were forced to negotiate and allow the reelection, facing the possibility that Menem would achieve it regardless of the position taken by the UCR (Palermo and Novaro 1996: 406). The series of talks concluded in the Olivos Pact in November of 1993, which guaranteed broad support for the constitutional reform (Cabrera 1996: 481; Sagüés 2008: 149). The pact generated divisions among Radicals and stripped them of their legitimacy as the main opposition party (Jones 1997a; McGuire 1997; Olivera 1995). Moreover, it

strengthened the position of the FREPASO (formerly the Frente Grande) as the true center-left option.

The emergence of a third popular party signaled a change in a political sphere that was up to that point dominated by the PJ and the UCR. FREPASO's rapid growth in terms of votes far exceeded its level of institutionalization (Abal Medina 2009), producing a highly centralized party structure that relied on a couple of main political leaders and that was weak at the national level. Still, after the *Frente Grande*'s (later it would become the FREPASO) surprising success in the 1994 Constitutional Assembly elections, a number of Peronists with little room in the government coalition saw an opportunity to jump to the opposition and join the new center-left party. As a consequence of these developments, the opposition threat was now somewhat stronger than it had been in prior elections, but considerably more fragmented,[37] as there were two main opposition forces: the FREPASO, "a group of leaders without a party", and the Radicals, "a party without a leader" (Szusterman 1996: 110). In 1994/1995 they remained a rather weak threat to PJ dominance, posing few constraints on the rampant internal battles within government.

The result of a political configuration that presented many incentives and few constraints for insiders to fight one another was that, again, there were high levels of corruption scandals during this two-year period.

[37] The UCR was already fragmented in itself, as explained by Novaro and Palermo (1996: 249, 250).

The PAMI Scandal

The internal struggles within government before the 1994 Constitutional Assembly election prompted the PAMI corruption scandal. At the time, Matilde Menéndez, a close ally of Menem and his main political operator in the City of Buenos Aires, was the head of PAMI, widely considered one of the main slush funds in Argentine politics. Holding this important post had both increased Menéndez's visibility as well as gained her a number of enemies within the PJ. After being the second PJ candidate on the list for the Constitutional Assembly elections,[38] Menéndez became the scapegoat for the intra-PJ tensions that stemmed from Menem's reelection project. A PJ insider, Víctor Alderete, denounced Menéndez for embezzling 148 million pesos in the last three months of her tenure, which coincided with her electoral campaign (confidential interview with well-placed government insider 2007; Amato and Lavieri 1994). Even Menem made reference to the internal PJ tensions as the source for the scandal telling the press that Menéndez had been blamed for the defeat in the constitutional assembly elections and was now the victim of retaliation for her management of PAMI (Lavieri 1994).

The Arms Sale Scandal

As it eventually became clear after a number of revelations, the Argentinean government illegally sold weapons to Ecuador and Croatia when they were in the middle of military conflicts. This scandal broke in 1995, months before the presidential election that would grant Menem a second term, as a result of a report coming from Peru that

[38] Argentina has a closed-list PR system.

revealed that Argentina, a mediator in the border dispute between Peru and Ecuador, had illegally sold weapons to the latter (Santoro 1995). So in this case, unlike other corruption scandals analyzed here, the initial leak came from international sources and not from inside the government coalition. However, much like in other scandals, the local press only acted as an amplifier of the issue. In addition, government conflicts generated cross-accusations among insiders, which increased the visibility and importance of the scandal (Interview with Santoro 2006).

In fact, the first reaction by the government was to deny the allegations, downplaying the importance of the issue (Santoro et al. 1995c; Santoro 1998: 246; Waisbord 2004: 1073). But soon government insiders started pointing fingers at one another (Santoro et al. 1995a, 1995b). The scandal grew as one of the denounced actors—Foreign Affairs Minister Guido Di Tella—looking to improve his tarnished image, provided information that weapons were also being sold to Croatia (Pasquini 1995; *Página/12* 1995). Some other government actors also attempted to use the scandal in order to weaken enemies within the administration (Cavallo 1997: 30).

Overall Assessment 1993-1995

Once again, this period was beset by corruption scandals. Some of these events, such as the PAMI scandal and others, were generated directly by political infighting within government, while the arms scandal was initially triggered by external sources but then fed from internal struggles and counter-allegations. Moreover, the changes in the composition of the opposition, with the FREPASO emerging as another significant

political party, generated some incentives for disgruntled insiders to jump ship and switch to the opposition. This particular political configuration produced continuing high levels of corruption scandals heading into Menem's second presidential term.

Recapping the Period: 1989-1995

Throughout Menem's first presidency, the political configuration of his government underwent a number of changes. The level of intra-government competition was high during all three congressional terms, as a number of internal factions struggled for power and dominance. From the initial battles between the business sector—represented by B&B and the UCéDé—and the Celestes and Rojos Punzó, the tension gradually shifted to the rivalry between Cavallo and Menem's close circle of acquaintances, mostly members of the Rojo Punzó faction.

Meanwhile, the opposition remained weak throughout the period, as the UCR struggled to regain popularity (Palermo and Novaro 1996: 246, 247). Eventually, the emergence of the Frente Grande and then of the FREPASO provided a new political actor in a political context that had been a two party system. However, throughout the period, the PJ controlled both chambers of Congress, as well as most of the provincial governorships. Therefore, inter-party competition was low, posing few constraints for insider battles.

The combination of strong intra-government competition and a weak opposition threat posed many incentives and few constraints for insiders to leak information, generating high levels of corruption scandals in all three congressional periods. In total

during these six years, there were twenty-one new national level corruption scandals that produced sixty-four weeks of coverage in the *Latin American Weekly Reviews*. On average, these numbers translate into roughly one major corruption scandal a month or two months of scandals a year.

CARLOS MENEM'S SECOND PRESIDENCY (1995-1999)

Radicals refer to themselves as coreligionists. Peronists call themselves "compañeros." Communists are comrades. And Menemists…? Accomplices.
Terence Todman, US Ambassador to Argentina, 1989-1993.[39]

Menem's second term as president had two clearly distinct stages that presented different levels of competition, both within government as well as between the government and the opposition. On the one hand, the first two years continued to display disputes among the leading political operators and Cavallo's ongoing quarrels with Menem and his collaborators. On the other hand, the last two years of this period presented considerably lower levels of internal conflicts, as Cavallo left the government and started his own opposition party. Although there were still disputes within government—particularly about presidential succession—the overall level of intra-government competition diminished in comparison to the prior two years. This change was coupled by the modifications in the composition and power of the opposition. As in the preceding period, the opposition remained weak and fragmented between 1995 and 1997. Then, the creation of the Alianza between the UCR and the FREPASO unified the opposition, creating a viable electoral option to the PJ from 1997 to 1999.

[39] Quoted in Cerruti and Ciancaglini (1992: 280).

Consequently, in the 1995-1997 period there were strong incentives and weak constraints for insiders to leak information. Therefore, this period had high levels of corruption scandals resulting both from leap-frogging and ship jumping, with thirty-eight weeks of coverage in *LAWR*. In 1997-1999 there was a significant change in the configuration of the political sphere, reducing the incentives for insiders to leak information, and more importantly, increasing the constraints, as the newly unified Alianza seemed to have a good chance to take over the presidency in 1999. In line with theoretical expectations, there was a drastic decrease in the level of corruption scandals, with only eight weeks of coverage in *LAWR* in that two-year period.

The following sections assess this remarkable variation, demonstrating how the changes in the dynamics of political competition drove the change in the level of corruption scandals. Other potential explanatory factors—such as media independence, the action of control agencies and intra-government accountability mechanisms, and arguably the level of actual corruption—remained constant across this four-year period, providing further evidence that the striking decline in corruption scandals was caused by the modifications in the political constellation of government and opposition.

First Congressional Term: 1995-1997

Menem's reelection bid in 1995 was successful despite generalized allegations of corruption in government. He remained widely popular, successfully portraying himself as essential to the continuation of economic stability and growth. The PJ victory also carried to provincial government and congressional elections, in which the party achieved

a clear majority (Szusterman 1996: 113; Pastor and Wise 2001: 62). Menem made few changes to his cabinet and his government coalition heading into his second term, so the levels of intra-government competition remained high.

Meanwhile, the opposition continued to be in disarray. Radicals were deeply immersed in their internal crisis after coming in third place in the elections, with a number of internal divisions between reformists and the old guard (Adrogué and Armesto 2001). The FREPASO was undergoing its first important internal conflict, as José Octavio Bordón, presidential candidate in 1995, left the party after unsuccessfully challenging Carlos Álvarez's leadership (Abal Medina 2009: 358). The UCR remained the first minority in Congress, with 27.7% of seats, and still had a number of governorships and mayors. In the meantime, the FREPASO had a mere 11.3% of Congressional seats and only one mayor in place, in Rosario (Calvo and Escolar 2004: 27). Therefore, the opposition remained weak and fragmented.

This political configuration produced high levels of corruption scandals, as predicted by the arguments presented in this study. The scandals in this period were a result of insiders both leap-frogging in order to improve their position within government, and also ship-jumping to the opposition when they were dissatisfied with the division of power within government, as was the case with Cavallo .

The Postal Services and IBM-Banco Nación Corruption Scandals

It only took a couple of weeks after the 1995 election for Cavallo's ongoing conflict with Menem to start producing mutual allegations. Cavallo opposed a bill that

concentrated postal services in the hands of Alfredo Yabrán, an obscure Argentine businessman with close connections to a number of Menem's collaborators. Almost simultaneously, rumors emerged regarding kickbacks in the computerization process of the *Banco Nación*, headed by one of Cavallo's allies, Aldo Dadone (Cavallo 1997: 162).

Cavallo made clear his differences with Menem's crew by publicly denouncing the existence of corrupt *mafias* with connections to the high echelons of Menem's government (*Latin American Weekly Report* 1995a). The allegations were quickly followed by rumors of Cavallo's dismissal, and by counter-allegations regarding the shady dealings between Banco Nación and IBM, which hit close to a number of Cavallo's collaborators (*Latin American Weekly Report* 1995b).

The development of the Postal Services scandal was connected with the IBM-Banco Nación scandal from the outset. This latter scandal involved kickbacks in the computerization process of the Banco Nación (Cavallo 1997: 161). According to confidential interviews with a well-placed government insider (2006) and with a highly ranked judicial employee (2007), Alberto Kohan leaked the initial news, involving a number of figures close to Cavallo. In turn, Cavallo attempted to take control of the scandal by denouncing the involvement of a close Kohan collaborator, Juan Carlos Cattaneo. The counter-allegations were costly for both Kohan and Cavallo, as a number of public officials had to leave their posts due to their involvement in a scheme that consisted of a combination of kickbacks, tax evasion, and influence peddling (Soriani 1996; Rodríguez 1998; Santoro 1996). The development of these scandals eventually led to Cavallo's departure from government.

Overall Assessment 1995-1997

This period was characterized by continuing conflicts within government, which were now "out of control" (Interview with Marx 2007). Meanwhile, the opposition was still fragmented and in the middle of difficult behind-closed-doors negotiations to band together in opposition to the PJ. As in prior periods, these conditions created a situation where there were plenty of incentives and few constraints for insiders to generate corruption scandals. In all, the two large scandals analyzed above together with the continuation of the Arms Scandal and a number of other corruption scandals that reached national level (the Parallel Customs Scandal, the Airports privatization scandal,[40] and Samid's scandal,[41] among others) resulted in a two-year period that generated thirty-eight weeks of coverage on scandals in *LAWR*.

Second Congressional Term: 1997-1999

The creation of the Alianza in August 1997, which resulted in the PJ's first electoral defeat in a decade in the mid-term elections, along with Cavallo's departure from government, changed the political scene, "ending PJ's electoral hegemony virtually overnight" (Levitsky 2000: 63). On the one hand, the united opposition posed a serious electoral threat to PJ dominance, looking like strong candidates for the next presidential election. Moreover, Cavallo's new center-right party, *Acción por la República* (Action for the Republic), had a decent showing in the 1997 election, capturing mostly former Menemist voters (Levitsky 2000: 63). On the other hand, Cavallo's departure deactivated

[40] Cavallo 1997: 49, 50.
[41] *Página/12* 1996a, 1996b; Zlotogwiazda 1996; Tenenbaum 1996.

the main source of internal conflicts. There were still serious disputes, particularly about succession between Menem and former vice-president Duhalde. However, and partially due to the increased electoral threat from the opposition, intra-government competition was lower than in prior periods, with decreased fragmentation in the cabinet and more cohesion among PJ legislators (Interview with Corach 2007).

These important changes in the political configuration provide an explanation for the striking decline in the level of corruption scandals, which went from thirty-eight weeks of coverage during 1995-1997 to only eight weeks in 1997-1999. There were still incentives for insiders to leak information, given the remaining conflicts within the government coalition. But now insiders faced tight constraints, as there was a real electoral threat from the opposition.

Until the midterm election in 1997 the PJ had won every single national election since 1987, generating talk about the "Mexicanization" of Argentinean politics. The PJ seemed too strong to lose an election, and the opposition too disorganized to turn the tables of public support. Not only was the UCR weaker and internally divided, but also the rapid growth of the Frente Grande/FREPASO provided a competitor in the opposition that initially took more votes away from the UCR than from the PJ (Seligson 2003: 26-34). FREPASO's development took a large step forward when it channeled the discontent with the Olivos Pact between the PJ and the UCR (Abal Medina 2009: 368).

In 1996 and 1997 there were numerous negotiations between leaders of the UCR and the FREPASO, trying to join forces to defeat Menem and the PJ (Fernández Meijide 2007: 114-115). Both parties approached negotiations with caution, as FREPASO's

popular support provided both an appeal and a threat for the declining UCR. Similarly, UCR's historical political machine was, on the one hand, exactly what the FREPASO was lacking, but on the other, it posed the risk of absorbing FREPASO's public support through a larger and better-organized party (Calvo and Escolar 2004: 27). The Alianza was finally formed in August of 1997 and quickly became a viable alternative. Therefore, Menem and the PJ were no longer able to present themselves as indispensable for political stability (Gall 1997; *Clarín* 1997).

The outcome of the 1997 elections was better than expected for the Alianza, which defeated the Peronists in the most important districts and obtained eleven more congressional seats than the PJ. Duhalde, the front-runner for the Peronist nomination in the 1999 presidential election, suffered an important and somewhat unexpected defeat in the Province of Buenos Aires. Menem got involved in the campaign and was also affected by the defeat, which undermined his possibilities for a second reelection. In fact, Menem's continued re-re-election efforts were seen as little more than a strategy to remain in the spotlight for longer and avoid being considered a lame duck (Fernández Meijide 2007: 139). Their disputes for succession would continue throughout the period, but in a context where competition among insiders—in particular cabinet members—was lower than before (Interview with Corach 2007).

Overall Assessment 1997-1999

The new configuration of the political sphere created by the Alianza changed the dynamics of political competition during this period. The consequence of the higher

constraints faced by insiders was that there were lower levels of corruption scandals. In fact, most news on corruption were related to scandals that emerged in prior years, as the IBM-Banco Nación, the Arms Scandal, and the Postal Service Scandal continued to reappear in the spotlight thanks mostly to the slow responses of the judicial system (Waisbord 2004: 1084, 1085).

Recapping the Period: 1995-1999

As analyzed before, the variation between 1995-1997 and 1997-1999 is remarkable and follows the hypothesized direction in line with the changes in political dynamics during this period. The first two years had intense intra-government competition and a fragmented opposition threat, generating a number of important corruption scandals. Then, the subsequent two years saw a marked increase in the power of the opposition with the creation of the Alianza and a decrease in internal disputes in government given Cavallo's departure from office. The consequence was that the level of corruption scandals decreased significantly.

Furthermore, there were few if any changes in either the attitude of the media, the level of media independence, the power and actions of control agencies, or even the actual levels of corruption. The fact that these elements cannot account for the striking decrease in the level of corruption scandals provides further support for the causal argument advanced in this study.

FERNANDO DE LA RÚA'S SHORTENED PRESIDENCY (1999-2001)

We Argentines voted for an idiot to become President of our Nation
Carlos Álvarez, former Vice-President, referring to Fernando de la Rúa,
former President and Álvarez's coalition ally
("Tiene la Palabra," on TV channel *Todo Noticias 2002*).

2001 will be a great year. How nice to be able to give good news!
Fernando de la Rúa, showing great political foresight,
in a TV spot run in December 2000.[42]

Fernando de la Rúa's two-year presidency was defined by intense disputes within the government coalition almost from the outset. The UCR and FREPASO had joined forces with the sole purpose of defeating the PJ, and once in power, their differences became evident. Initial agreements were soon broken and gave way to struggles for power and posts, fed also by ideological and personal differences among the key political players (Interview with Terragno 2007). A broad and diverse coalition with many different political interests to satisfy provided plenty of incentives for insiders to leak information on wrongdoings. Moreover, the Alianza and particularly the FREPASO had cultivated an anti-corruption identity as a key way to differentiate themselves from the Peronists, increasing the potential costs of any corruption allegations (Charosky 2002: 207-211). The PJ, despite their electoral defeat in the presidential constest of 1999 and the internal conflicts after ten years in office (Corach 2007), remained a powerhouse both in terms of their seats in Congress as well as their control of provincial governments. In fact, it soon became evident that in order to pass any legislation, the Alianza would need the collaboration or at least the acquiescence of the PJ.

[42] Available at: http://www.youtube.com/watch?v=wDf6mcMxqa0.

A context of intense intra-government competition and a strong opposition resulted in few but major corruption scandals as a consequence of insiders ratting on one another. After an initial period when insiders were jockeying for position within the government coalition, it became clear that all interests could not be accommodated. The consequence of these political dynamics was that there were only three national level corruption scandals in this period. Two came from attempts to leap-frog, and a major scandal resulted from a well placed insider ship-jumping. Disgruntled former insiders continued to feed this latter scandal after leaving office, therefore generating thirty-three weeks of coverage in *LAWR*. This outcome is in line with theoretical expectations that ship-jumping generates fewer but more intense corruption scandals (see Chapter 2).

Alianza's Arrival to Power

After the 1997 congressional election it was clear that the UCR and the FREPASO were heading to the 1999 presidential election as a coalition. However, the terms of the arrangement were unclear. Moreover, there were significant ideological differences both between Radicals and the Frepasistas as well as within each of these parties. Within the UCR, there were two main groups: a more conservative faction led by Fernando de la Rúa, and a more progressive faction historically led by Raúl Alfonsín (Interview with Terragno 2007). In the weakly institutionalized FREPASO the leadership was divided between Álvarez and former members of leftist and smaller parties, such as Graciela Fernández Meijide (Fernández Meijide 2007; Álvarez and Morales Solá 2002).

De la Rúa easily won the primary over Fernández Meijide in 1998 and became the presidential candidate for the Alianza.

In line with the results predicted by polls, de la Rúa won the presidential election in 1999. However, the Alianza was unable to secure majorities in Congress and to win a majority of the provincial governorships. FREPASO's defeat in the province of Buenos Aires weakened its bargaining position and the Alianza began to govern with a loosely unified government coalition and an opposition that was divided internally but strong institutionally—the PJ controlled fifteen governorships and had a simple majority in the senate (Morales Solá 2001: 282).

From policy decisions to political appointments, the UCR and the FREPASO were at odds almost from the get-go. For instance, the initial agreement to evenly distribute cabinet posts was very soon broken by de la Rúa, giving more and more relevant posts to members of the UCR.[43] As pointed out by Fernández Meijide (2007: 155), the Alianza was "attempting a virtuous symbiosis between de la Rúa's austere conservatism and our (FREPASO's) progressive ideas." The divisions and infighting within the government coalition led to the emergence of corruption scandals early in de la Rúa's presidency.

[43] The first cabinet was composed of only two FREPASO members, Alberto Flamarique in Labor and Fernández Meijide in Social Development.

Initial Corruption Scandals hit the FREPASO

Among the political leaders who founded the Alianza, Fernández Meijide was the only one whose political origins were far from both the PJ or the UCR.[44] This outsider status and a background as a human rights advocate helped establish her as a symbol of clean politics, in contrast with the generally poor image of old-line politicians. In turn, the FREPASO benefitted from Fernández Meijide's status, claiming to be an assurance that the UCR would not resort to clientelistic practices and old-politics habits (Calvo and Murillo 2004, 2010). According to some, in a context where the UCR had taken over many cabinet posts and where there was intense competition within government, tarnishing the image of Fernández Meijide appeared to be a way to definitively assert UCR dominance over the government coalition (confidential interview with well-placed government insider 2007).

The initial distribution of cabinet posts in the Alianza brought Fernández Meijide to the Ministry of Social Development. As part of her role, she took control of the PAMI, a frequent source of corruption and corruption scandals as was discussed earlier. Not long after taking office, journalist Jorge Lanata broke the news that Fernández Meijide had appointed her brother-in-law, Ángel Tonietto, to be in charge of an agency within PAMI. According to the reports, Tonietto had failed to disclose a potential conflict of interest (Charosky 2002: 218-219). Although the accusations were minor compared to issues in the past, Fernández Meijide's image as an icon of probity made the corruption scandal all

[44] The founders of the Alianza were Radicals de la Rúa, Terragno, and Alfonsín; former Peronist Álvarez, and Fernández Meijide.

the more relevant. In a personal interview with Lanata (2006), the journalist acknowledged receiving the information about Tonietto from government sources close to the UCR. He also recognized his tense relationship with Fernández Meijide: "She acts like she has nothing to hide, which is simply impossible when you are a politician who has ambitions for power" (Interview with Lanata 2006). Shortly after the exposé, a number of UCR members joined the voices criticizing Fernández Meijide, and even Álvarez—FREPASO's leader—lined up against her (Morales Solá 2001: 58-61). Only a month after the Tonietto Scandal, Fernández Meijide received a second blow to her credibility. It was once again Lanata who published news that she had placed her tennis instructor as an employee in an agency under her control. For a second time, Lanata recognized that the information had come to him from intra-government sources (*Veintidós* 2000). The allegations against Fernández Meijide were successful in hurting both her reputation as well as FREPASO's anti-corruption image, helping to make the Alianza government look more and more like an UCR government (Interview with Terragno 2007).

On another front, the tensions between the UCR and the FREPASO also became evident with Álvarez's crusade against the Senate. As vice-president, Álvarez was Head of the Senate, and shortly after taking office he undertook a public campaign denouncing that UCR and PJ senators were receiving excessive sums for "personal expenses," employing relatives and acquaintances, and exploiting their resources for clientelistic

purposes[45] (Granovsky 2001: 46, 47). The accusations united PJ and UCR Senators, and even de la Rúa, a former senator himself, perceived Álvarez's claims to be directed towards him as a way of undermining his position (Interview with Pontaquarto 2006; de la Rúa 2006: 282). UCR insiders responded by leaking information regarding Álvarez's personal life (Granovsky 2001: 55; Morales Solá 2001: 108-112), in an attempt to "diminish the political vigor" of the Vice-President (van der Kooy 2000; Morales Solá 2000b). This hostility between the Senate and Vice-President Álvarez is key for understanding the Senate Bribery Scandal, which would have long-lasting consequences.

The Senate Bribery Scandal

The Senate Bribery scandal that broke in 2000 concerning the passage of a Labor Reform was perhaps the most important corruption scandal of the decade. Immersed in a stubborn recession,[46] and lacking any political victories to take credit for, the Alianza government made the passage of a Labor Reform its main priority. Alberto Flamarique, Labor Minister and former close ally of Álvarez, spearheaded the negotiations with the PJ, which had a majority in the Senate. The reform was approved marking a major political victory for the Alianza. However, three months after the controversial vote in the Senate, in a context of deep intra-governmental conflicts, newspaper *La Nación* published an editorial by journalist Joaquín Morales Solá (2000a) stating that Peronist senators had received bribes in order to pass the labor reform.

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[45] On average, each Senator had almost fifty people on their payroll.

[46] The economic troubles were caused—among other factors—by the Brazilian devaluation in 1999 and the Russian crisis of 1998 coupled by the lack of flexibility imposed by the peso-dollar parity (Pastor and Wise 2001: 60).

Although nobody initially claimed to be the source of the scandal,[47] there are clear indications that the leak of information came from inside the government (confidential interview with political insider 2007). In fact, there are indications that Álvarez himself may have been involved in the initiation of the scandal as a response to his growing dissatisfaction with the direction of the Alianza government and the role of the FREPASO.[48] As pointed out by whistle-blower Mario Pontaquarto, "Álvarez was the image of the Alianza, and once things did not go his way, he denounced in order to detach himself from the government" (interview with Pontaquarto 2006). Regardless of Álvarez's actual role, it is still clear that the scandal was triggered by elite sources: "the Senate scandal broke into the public scene as the result of insider information being passed to a certain media outlet" (Peruzzotti 2006: 259).

The scandal generated immediate attention, with both Peronists and Radicals—including President de la Rúa—denying the claims that involved senators as well as the executive branch (payments were allegedly made through the SIDE). Vice-President Álvarez took a different stance, giving credit to the allegations and demanding a full investigation. The corruption scandal quickly reached national proportions, broadcasting the sharp differences between de la Rúa and Álvarez, and more generally, the divisions between the UCR and the FREPASO.[49] De la Rúa announced a cabinet re-shuffle, but

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[47] After the scandal was initially triggered, there were sources that helped the scandal develop, such as former PJ Senators, Emilio Cantarero and Antonio Cafiero (Granovsky 2001: 17; Villosio 2000).

[48] Former President de la Rúa (2006: 195-279), whistle-blower Mario Pontaquarto (2005: 117), and former Minister Graciela Fernández Meijide (2007: 202), all made either direct or indirect references to Álvarez as the one who leaked the information.

[49] And even the divisions within the FREPASO, given Flamarique's role in the bribery scheme as the chief negotiator.

instead of getting rid of Flamarique and Fernando de Santibáñez (head of SIDE), he promoted Flamarique to the position of General Secretary of the Presidency. Álvarez resigned that same day, severely deepening the conflict in the governing coalition (Peruzzotti 2006: 261).

Presumably, Álvarez had attempted to effect change in the government by denouncing wrongdoings, which would have strengthened his position within the governing coalition. When de la Rúa denied his requests, he left the government, in a clear example of ship jumping, although he did not join the opposition.

The Alianza after the Senate Bribery Scandal

The Senate Bribery scandal had deep political consequences for the Alianza government. Technically, the FREPASO remained in the government coalition after Álvarez's departure, but its role and commitment were more than limited, having lost both of its main political leaders. De la Rúa tried to gain control of his coalition, re-shuffling the cabinet four times in less than a year, and getting rid of all the UCR *Alfonsinistas* in his government.

To make matters worse, years of recession eventually gave way to an economic crisis that shocked the country in 2001. Unemployment and poverty levels escalated quickly, and the government that had started being widely popular now had dismal approval ratings. Domingo Cavallo was appointed Economic Minister in order to convey a sense of optimism to foreign investors. The image of the UCR was so poor that it did not even field its own candidates in the October 2001 mid-term elections (Levitsky and

Murillo 2003: 154), in which the public discontent became evident in the number of blank ballots and annulled votes (Bavastro and Szusterman 2003; Escolar et al. 2002). Cavallo was not able to control the population's skepticism, which resulted in massive bank runs after the elections (Smulovitz 2006: 56). Riots and popular anger followed, and in December 2001 both de la Rúa and Cavallo were forced to resign.

Recapping the Period: 1999-2001

The initial high expectations created by the Alianza were quickly shattered. A broad electoral coalition between two parties that shared little other than their opposition to the PJ resulted in rampant internal battles once de la Rúa took office. There were high incentives for insiders to leak damaging information in order to hurt coalition allies. Meanwhile the PJ opposition was still powerful but deeply divided, posing some constraints on insiders, but also offering an alternative in case they left the government. As predicted by the arguments advanced, the consequence was a period with high levels of corruption scandals, generating thirty-three weeks of coverage in LAWR. Partially due to its campaign on anti-corruption issues and its clean government platform, the government was hit harder than any government in the past by these allegations. In the end, the public opinion costs of the Senate Bribery scandal were insurmountable for the Alianza (Levitsky and Murillo 2003: 154). De la Rúa's early departure from the presidency resulted in a period of heightened political turmoil, during which Argentina had five presidents in twelve days (Katz 2006: 415-418). Finally, a Legislative Assembly appointed Duhalde as the new provisional President to complete de la Rúa's mandate.

EDUARDO DUHALDE'S PRESIDENCY (2002-2003)

Argentina is a country doomed to success.
If I lowered my own salary, I would be committing an injustice to the population.
Eduardo Duhalde, in the middle of the economic crisis, 2002.

Economic problems that brought about de la Rúa's fall were still prevalent during much of Duhalde's term, putting political conflict on the back seat. In such a context of uncertainty and crisis, there were unusually low levels of intra-government and inter-party competition. The PJ had deep-seated internal divisions after ten years in office and the UCR was once again in disarray after de la Rúa's traumatic resignation. However, Duhalde was able to avoid confrontations within government by forming a homogeneous cabinet and by quickly assuring that he would not stay beyond the completion of de la Ruá's mandate in 2003 (Interview with Lavagna 2006). There were few incentives for insiders to generate corruption scandals since competition within the administration was low. Also, as I argued elsewhere (Balán 2011), a general sense of despair left little room for politicians or the population to pay attention or care about corruption allegations. In turn, the opposition was fragmented and disorganized. Aside from the crisis in the UCR, two of the main political parties in prior elections (FREPASO and Cavallo's Acción por la República) disappeared from the political map (Levitsky and Murillo 2003: 156). In this context, there was not much political competition in the period, neither within government nor with the opposition.

This political scene produced low levels of corruption scandals; in fact there were practically none during this period. The only one that reached national relevance was related to Congress. This time, the allegations involved a lobbyist, Carlos Bercún, who

was accused of over-stepping his pressure on Peronist legislators (Meyer 2002; Tagliaferro 2002a, 2002b). Although the issue did receive some attention, Economic Minister Roberto Lavagna quickly dismissed Bercún and the scandal died away soon thereafter (interview with Lavagna 2006), generating only one week of *LAWR* coverage.

Heading to the 2003 Presidential Election

In a situation where economic concerns were prevalent over political ones, the main source of conflict centered on who would be the PJ candidate for the next presidential election. According to Duhalde, the dispute had little impact on the level of intra-government competition (Interview with Duhalde 2007), and the issue was never settled as three different Peronist candidates ended up running for office in 2003 (Menem, Adolfo Rodríguez Saá, and Néstor Kirchner). Meanwhile, there were three Radicals also running for the presidency; two under new parties (Elisa Carrió and Ricardo López Murphy) and one under the UCR label (Leopoldo Moreau). Therefore, a cursory look at the candidates and the results of the 2003 presidential elections provides a snapshot of a party system that was in disarray and highly fragmented.

Recapping the Period: 2002-2003

In an environment of crisis, political competition was low both within government as well as between government and the opposition. Therefore, although there were few constraints for insiders, they did not face many incentives to leak information. This combination produced few corruption scandals, as predicted by the hypotheses presented in Chapter 2. Some have argued that economic conditions such as the ones in Argentina

in 2002-2003 can generate low levels of corruption scandals due to the lack of societal "demand" for corruption scandals (Cunill Grau 2006). Although the analysis of the Duhalde presidency does not provide evidence disproving the impact of societal demands on scandals, it is worth pointing out that the argument that societal demand drives levels of corruption scandals cannot explain the variation observed during the rest of the period under analysis.

NÉSTOR KIRCHNER'S PRESIDENCY (2003-2007)

As was the case with Menem's second presidency, Néstor Kirchner's administration had two very distinct periods in terms of political dynamics. On the one hand, Kirchner's unusual arrival to power—he received less than a quarter of votes in the election and benefited from Menem's refusal to compete in the second round—led to a small government coalition that had low levels of intra-government competition during the first two years of his presidency. Moreover, his "weak popular support" (interview with Massoni 2006) made the government coalition an easy target to attack. Therefore, insiders had few incentives and plenty of constraints to denounce or leak information on wrongdoings. On the other hand, Argentina's remarkable economic recovery and the popularity of his progressive policy initiatives bolstered the strength of Kirchner's government during 2005-2007. As the government coalition grew in size, including factions of former Radicales, internal competition increased considerably and different factions emerged in a previously unified administration. Meanwhile, the opposition became more fragmented, posing no electoral threat to Kirchner's administration. This

change in configuration meant that now insiders had increased incentives and fewer constraints to generate corruption scandals involving intra-government competitors who sought to advance their position within government.

In line with theoretical expectations, the change in political configurations caused a dramatic increase in the level of corruption scandals. The first two years of Kirchner's term had low levels of corruption scandals, as none made it to *LAWR*. In contrast, from 2005 to 2007 there were high levels of corruption scandals, as six new scandals generated twenty-five weeks of coverage in *LAWR*. The following sections assess the changes in political dynamics during Kirchner's term, providing evidence of how intra-government conflicts led to levels of corruption scandals similar to those in Menem's years.

First Congressional Term: 2003-2005

Despite being backed by Duhalde in the 2003 presidential election, Kirchner started his term with little popular support and a small governing coalition that excluded the factions of Peronism that had run against him. In fact, due to the divisions within Peronism, Kirchner had to run under a new party name created especially for the election, the *Frente para la Victoria* (Front for Victory, FPV). Certainly aware of this precarious situation, the newly elected President centralized most of the decisions in a small group of collaborators from the outset (Escribano 2003), leaving even many cabinet members out of the loop by not holding any cabinet meetings. This management of the coalition led analysts to conclude that "the Kirchner government was much better than earlier Presidents in maintaining discipline within the government" (interview with Gallo 2006),

and that "the government was absolutely monolithic" (interview with Garrido 2006). His close group of collaborators was composed of Chief of Cabinet Alberto Fernández, Interior Minister Aníbal Fernández, Minister of Planning and Public Works Julio De Vido, his sister Alicia Kirchner—Minister of Social Development—, and his wife Cristina Fernández de Kirchner, a Senator at the time. As a concession in order to receive Duhalde's support, Kirchner had to accept that Roberto Lavagna would continue as Economic Minister, providing the only counterbalance to the power concentrated by Kirchner's collaborators (Interview with Alberto Fernández 2006).

Meanwhile, and despite the government's vulnerability, the opposition was increasingly fragmented and feeble. While the UCR had lost most of its historical support, some center-right figures emerged in Argentine politics (Ricardo López-Murphy, Mauricio Macri, Jorge Sobich). However, they lacked party organization and were in fact in competition among themselves. On the center-left, to which Kirchner claimed to belong ideologically, Elisa Carrió and the ARI posed a vociferous yet rather harmless opposition (Interview with Ruanova 2006). During these years, in a context of low levels of intra-government and inter-party competition, Kirchner led the country on a steady path towards economic recovery, while also achieving institutional advances such as the improvement in the quality and independence of the Supreme Court and the nullification of laws that had limited the scope of human rights trials (Levitsky and Murillo 2008: 21).

Thanks in part to the small size of the coalition and Kirchner's reliance on few close collaborators (Cabot and Olivera 2007), the lack of competition in government

posed few incentives for insiders to attack one another through allegations of corruption. Furthermore, although the opposition was severely fragmented, the government's initial lack of support created the impression that the threat from the opposition was stronger than it really was (Interview with Fernández 2006; Interview with Lavagna 2006). This scenario where the government faced pressure from other factions of Peronism, helps explain the low level of corruption scandals during this period.

Overall Assessment 2003-2005

In short, the configuration of the political sphere during these years generated low levels of corruption scandals. The small size of the government coalition and the concentration of power in only a few actors generated weak incentives for insiders to leak information. Paradoxically, Kirchner's success in these years would eventually lead to increased competition within his government and the emergence of a number of corruption scandals during the last two years of his presidency.

Second Congressional Term: 2005-2007

The government's accomplishments during 2003-2005 translated into a landslide victory for Kirchner in the 2005 mid-term elections (Levitsky and Murillo 2008: 19). Aided by the fragmentation of the opposition, the FPV took majorities in both chambers of Congress (Calvo 2005: 154). The government campaign was based on presenting the election as a plebiscite in support of Kirchner's policies, which proved to be a successful strategy since Kirchner enjoyed over 60% popularity in the electorate. Perhaps the key race in this election was once again in the Province of Buenos Aires, where Hilda

Duhalde and Cristina Fernández were competing for a spot in the Senate. Fernández's victory not only provided an extra seat in the Senate, but it also settled the increasing competition between Kirchner and his now former mentor, Duhalde.

The Kirchner administration faced the last two years of its term from a much more powerful position. Economic growth was consolidated, and now Kirchner looked poised to win reelection in 2007, if he chose to run. The partnership with Economic Minister Lavagna seemed to be working out. In fact, Kirchner and Lavagna were at odds within the same government. In Lavagna's own words, "Kirchner was progressively wanting to get more involved in economic policy, to the point of interfering with my duties" (interview with Lavagna 2006). This type of behavior can be seen as a pattern in Argentine politics, as Tenenbaum (2010: 86) puts it:

> Argentinean politicians have a hard time coexisting with one another, they are constantly suspicious of one another. Menem fought with his Vice-Presidents Eduardo Duhalde and Carlos Ruckauf, and with his super-Minister Domingo Cavallo, all of whom ended up fighting among themselves. De la Rúa fought with Chacho Álvarez; Kirchner with Duhalde and Lavagna. Then Cristina would fight with Cobos.

Lavagna entered into conflict with Kirchner's collaborators, particularly with Julio de Vido (Cabot and Olivera 2007: 25, 96, 105), who was in charge of a soaring number of public works. Tensions grew to the point that Lavagna, a popular figure given his role in Argentina's recovery, decided to leave government in December of 2005. He followed a ship jumping strategy, denouncing corruption in the contracting schemes devised by Julio De Vido (Interview with Lavagna 2006; Cabot and Olivera 2007: 96-97) and shortly thereafter launching his campaign for the presidential elections in 2007.

After Lavagna's departure, De Vido had foreseen becoming a sort of super-Minister, taking over the Economic Ministry and maintaining his role in charge of Public Works (Interview with Fernández 2006). However, Alberto Fernández was able to convince Kirchner of naming Felisa Miceli, a little known economist from Fernández's camp, as Economic Minister. Fernández and De Vido, who had never cared much for one another, now struggled to become prevalent. As a result two factions emerged: the *Albertistas* and the *Pingüinos*—led by De Vido. Moreover, the government coalition became larger and now included some UCR governors, known as *Radicales K*. As a result of these growing disputes within a strong government that faced an extremely weak and highly fragmented opposition, corruption allegations began to arise.

The Skanska Corruption Scandal

The first large corruption scandal to emerge after Lavagna's departure was the Skanska Scandal (Tenenbaum 2010: 143), which involved a complex scheme of tax evasion, surcharges, and bribes in the concession of contracts for the construction of gas pipelines across the country (Abiad 2007). The corruption allegations hit close to De Vido, as he was in charge of public works, and provoked the resignations of two of his collaborators. De Vido initially tried to pin the corrupt acts on Lavagna, but information kept creeping in on the involvement of high officials of the Ministry of Infrastructure and Public Works. Although the allegations came from unidentified sources, a number of key informants asserted that the timing of the scandal was politically motivated, as there had been an open investigation in the judicial system for a year on these alleged acts, which

had taken place over two years before the scandal emerged (Interview with Verbitsky 2007; Interview with Rafecas 2006; confidential interview with well-placed government insider 2007).

The Miceli and Picolotti Scandals

About a month after the Skanska scandal, there were two back-to-back corruption scandals involving first Economic Minister Miceli and then Environmental Secretary Romina Picolotti. Both of them were close aides of Alberto Fernández, and both leaks that generated the scandals came from government officials connected to Fernández's rival, De Vido. The scandal involving Miceli emerged when the police anti-bomb squad, in what they called a routine check, discovered that the Economic Minister had a bag full of cash stashed in the bathroom of her office at the Economic Ministry. It turned out that this so-called "routine" check had been the first one in over two years, and they only checked one floor of the building, precisely where the Minister's office was (confidential interview with well-placed government insider 2007). The police officer who discovered the money happened to be closely connected to De Vido, who had also sent a collaborator earlier that day to Miceli's office (Cabot and Olivera 2007: 100). As for Picolotti, she was accused of public embezzlement and fraud, also by a De Vido collaborator.

It seemed as if the conflicts between both factions within government were really starting to heat up. In both cases the opposition, and in particular the ARI and the RECREAR, seized upon the corruption scandals shortly after they emerged, promoting judicial investigations on both schemes. However, the initial leaks that led to the

disclosure of both scandals came from intra-government sources belonging to the opposite faction.

The Suitcase Scandal

The final corruption scandal of the period was known as the *Valija* (suitcase) Scandal, which involved De Vido's collaborator, Claudio Uberti. He was travelling on a plane from Venezuela carrying a suitcase full of money meant for Cristina Fernández' campaign (Singer and Fara 2008: 157-158). According to a key informant, Uberti was used to taking these trips and usually had privileged access, entering the country as if he were part of an official delegation. However, in this case the police, under Alberto Fernández's orders, had closed this access and the money was discovered (Cabot and Olivera 2007: 196-197).

As Pingüinos and Albertistas were exchanging blows, there were plenty of casualties on both sides. The internal war slowed as the 2007 presidential elections approached, and after Cristina Fernández's victory, Alberto Fernández finally left the government, so that De Vido emerged as the winner of the internal struggle (Singer and Fara 2008). As expected, corruption scandals stopped emerging after Fernández's departure.

Overall Assessment 2005-2007

The government's increased popularity and its victory in the midterm elections, together with the rapid growth in the size of the coalition, resulted in the emergence of internal quarels. The increased incentives for insiders to leak information derived in both

ship jumping strategies—such as Lavagna's, who allegedly generated the Skanska scandal—as well as leap-frogging strategies—such as the allegations and counter-allegations between Albertistas and Pingüinos. Moreover, an inchoate opposition posed few constraints to this government infighting.

In all, the change in political dynamics explains the remarkable increase in the level of corruption scandals, which went from three weeks of coverage in *LAWR* in 2003-2005 to twenty-five in 2005-2007.

Recapping the Period: 2003-2007

Kirchner's presidency, much like Menem's second term, showed great variation in the number and intensity of corruption scandals. While low intra-government competition resulting from a small and cohesive coalition generated low levels of corruption scandals in the first two years, the disputes between Lavagna and other insiders and the emergence of two factions within government increased the level of intra-government competition significantly in the last two years, which led to higher levels of corruption scandals. In short, changes in political competition drove the significant increase in scandals during Kirchner's presidency.

However, and unlike prior presidents, Kirchner was able to curb the consequences of these scandals, benefitting from a weak opposition that allowed him to successfully promote Cristina Férnandez de Kirchner's candidacy in the 2007 elections.

CONCLUSION

Argentina, the country where clumsiness is the only real fight against corruption.
Diego Sehinkman, *La Nación*, November 29, 2009.

This chapter provides evidence supporting the argument that the variation in the dynamics of political competition explains the changes in the number and intensity of corruption scandals in Argentina from 1989 to 2007. In addition, the analysis of the disclosure of specific instances in which corruption became public illustrates the causal mechanisms that link political motivations to the initial leak of information. A broad look at the period shows that although corruption scandals are pervasive, there are still striking differences through time that cannot be explained by modifications in either the levels of actual corruption or in the actions of control mechanisms or the press. Corruption scandals in Argentina are political events, with political consequences, and—as demonstrated in this chapter—with political causes as well.

The overall analysis of political configurations in Argentina from 1989 to 2007 supports the arguments advanced in Chapter 2. Periods riddled with corruption scandals were also defined by intense conflict and rivalry within the government coalition and, in most cases, a weak electoral threat from the opposition. De la Rúa's short presidency is an exception, as intra-government struggles were coupled with an institutionally established opposition that held control of Congress as well as of a number of provincial governorships. In this particular case, insiders faced strong incentives to defect, but also strong constraints against doing so. The result was that there were few corruption scandals, but in one of them a well-placed insider applied a ship-jumping strategy and

generated a particularly intense scandal. Meanwhile, periods in which there were few if any corruption scandals correspond to instances where the coalition in power had fewer internal quarrels, which in most cases coincided with a strong opposition that increased the level of inter-party competition. Duhalde's transitional presidency provides a special case of low incidence of scandals, where there were both weak incentives for insiders to leak information thanks to low levels of intra-government struggles as well as few constraints due to an inchoate opposition.

In all, this case study shows that in Argentina there appears to be more cases of insiders choosing to leap-frog than to jump ship, since few specific—although important—cases of scandals emerged as a result of the latter strategy. There are two explanations for this trend. On the one hand, party switching is not as easy and common given the overall dominance of traditional parties—particularly the PJ. Undeniably, in the last few years the Argentine party system has changed, adding new parties. However, the political machines of the PJ and the UCR make it very hard for new parties to compete at the national level. Therefore, and also due to the clear division between Peronists and anti-Peronists, the external options available for government insiders are still slim. For instance, a Peronist insider in a government dominated by the PJ usually has little place to jump to, particularly after the debacle of the FREPASO. On the other hand, the sheer size of the Argentine state even after the wave of privatizations and the fact that most politicians are career politicians and not professionals who get involved in politics, increases the potential economic and political benefits of remaining within the government coalition. There are many opportunities for politicians to advance their career

or to improve their economic position if they stay in the government, making it harder and more unlikely for insiders to leave.

Another insight suggested by the analysis presented in this chapter is that the specific timing of corruption scandals not only supports the arguments advanced, but it also insinuates the importance of institutional variables in shaping political competition. Corruption scandals usually cluster in the period before parties or coalitions define nominations, and they rarely if ever emerge in the last months prior to an election. This empirical pattern points to two conclusions. First, it reinforces the notion that internal struggles—stronger when nominations are being decided—and not inter-party competition—heightened before elections—are the ones generating leaks of information that result in scandals. Second, it shows how the institutional rules regarding elections and primaries have an effect on political competition both within as well as among parties. Institutions matter, and they in fact set the stage where the political battles that generate corruption scandals are fought.

On the whole, the dynamics of politics and corruption scandals in Argentina provide a rich environment to assess the theoretical propositions of this study. Not only does the analysis bolster the strength of the general argument, but it also generates insights that aid a full understanding of the emergence of corruption scandals.

CHAPTER 5: CHILE:
SPORADIC SCANDALS DRIVEN BY BURSTS OF COMPETITION

Since the return to democracy in 1990, Chile has been among the most stable countries in Latin America, boasting long-lasting political coalitions (Angell 2003: 95) as well as relatively high levels of economic development and growth, despite persistent levels of inequality (Weyland 1999: 83). Moreover, according to most—if not all—available measures, Chile has low levels of actual corruption, in particular when compared to other countries in the region (Morris and Blake 2010). However, during 1990-2010 there were a number of corruption scandals that had important political consequences for parties and individual politicians, even in a context with relatively low levels of corruption and economic prosperity. Although corruption scandals were not as prevalent as in countries such as Argentina or Brazil, there were still fifteen scandals in Chile during the period under analysis, thirteen of which made it to the front page of major national newspapers. An analysis of the level of corruption scandals through time shows that they were not evenly distributed, rather being concentrated around specific periods (see Figure 5.1).

In line with the theoretical argument of this study, the analysis presented in this chapter shows how the dynamics of intra-government and inter-coalition competition drove the observed changes in corruption scandals over time. In particular, given the structure of the Chilean party system, with two ideologically distinct broad coalitions that concentrate most of the popular support and power, the following sections explain how

the corruption scandals that emerged between 1990 and 2010 were a product of insiders generally following a leap-frogging strategy. In contrast to other cases, the highly structured two-coalition system left little room for politicians to switch from one electoral coalition to another, making the ship-jumping strategy not as available for political insiders.[50]

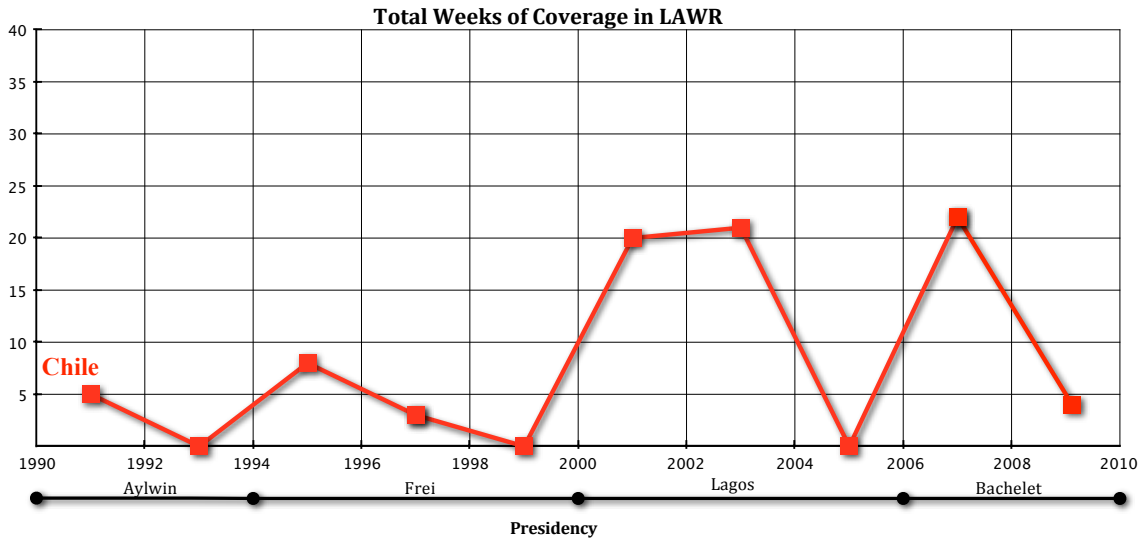
The Chilean case is particularly interesting and provides a demanding empirical test for the arguments developed in Chapter 2, given its low levels of corruption and the peculiarities of its political system. This chapter assesses whether the hypothesized causal mechanisms also result in corruption scandals in a context in which corruption is perceived as a rare occurrence, unlike Argentina. The empirical evidence provided in this chapter points to how the same political dynamics that produce corruption scandals in contexts with high levels of corruption also generate corruption scandals in countries where, arguably, the pool of corrupt acts that could turn into a scandal is considerably smaller. The analysis also calls into question the empirical accuracy of other theoretical propositions, in particular the one that argues that a powerful opposition has every incentive to go after the government, generating high levels of corruption scandals (Ginsberg and Shefter 1990; Davis et al. 2004). Furthermore, a closer look at specific scandals suggests that although dynamics are similar to the case of Argentina, there are different thresholds for what becomes a scandal in different countries, as in Chile there

[50] There were some instances of party switching within coalitions, but these did not end up generating national level corruption scandals because insiders remained within the same electoral coalition.

were corruption scandals based on events that would hardly generate any public attention in other countries in the region.

The chapter proceeds as follows. First, it presents a brief assessment of political competition in Chile, providing an overall analysis of the general structures of inter-coalition competition and intra-coalition factionalism. The absence of federalism provides one less source of tension and competition in Chilean politics. Then the study shows how the levels of political competition—independent variables outlined in Chapters 2 and 3—drove the level of corruption scandals through time. Finally, the chapter concludes by underlining broader patterns that emerge from the analysis, highlighting the impact of Chile's political structure on the dynamics of political competition.

Figure 5.1: Corruption Scandals in Chile



POLITICAL COMPETITION

Competition in Chilean politics is shaped by the electoral system established by the military regime in a 1980 constitution and following reforms, which created deep authoritarian enclaves (Angell 2005a: 98-101). The Pinochet dictatorship established a unique binomial system, which was created at least partially in order to provide an electoral advantage to the right in future democratic elections (Siavelis 2002: 420). This system created the incentives for two broad coalitions to form, hurting smaller—and generally leftist—parties that chose not to enter these broad political alliances (Zucco 2007). On the one hand, there was a center-left coalition, *Concertación de Partidos por la Democracia* (Coalition of Parties for Democracy), formed mainly by four political parties: the *Partido Demócrata Cristiano* (Christian Democratic Party, PDC), the *Partido Socialista* (Socialist Party, PS), the *Partido por la Democracia* (Party for Democracy, PPD), and the *Partido Radical Social Demócrata* (Radical Social Democratic Party, PRSD). On the other hand, there was a center-right coalition that changed names over the years before settling on *Alianza por Chile* (Alliance for Chile), composed of two main parties: the *Unión Demócrata Independiente* (Independent Democratic Union, UDI), and the *Renovación Nacional* (National Renewal, RN). These coalitions have remained mostly stable since the transition to democracy (Zucco 2007: 305), shaping political competition both between them as well as among the different parties that make up the electoral alliances. Moreover, there is also competition within each party, generating a context with three levels of competition: between coalitions, among parties within coalitions, and among factions within parties (Hojman 1995: 134-135).

Furthermore, although the existence of a unitary system would suggest that most political competition would be centralized in the presidential and congressional elections, there are also important municipal level elections, which capture the attention and energy of parties and coalitions (Mardones 2007: 334). Hence, municipal elections for *Alcaldes* (Majors) and *Concejales* (Councilors) are also relevant in analyzing the dynamics and levels of competition, both within coalitions as well as at the party system level. Given the importance of municipal elections and the fact that presidential and congressional elections coincided in 1989, 1993 and 2005, the chronological analysis presented in this chapter is divided into two-year units of analysis defined using a combination of congressional and municipal elections.

Competition at the Party System Level

In its long tradition of democratic politics before the 1973 military coup, Chilean politics was often characterized by a fractious and polarized party system (Huneeus 2005: 68). A system based on proportional representation and the ideological divides in the party system eventually resulted in a dynamic of three-way competition among center, right, and left, often referred to as *trestercios* (three-thirds) (Guzmán 1993; Rabkin 1996). The electoral reforms imposed by the Pinochet regime had the explicit goal of breaking this pattern and generating a centripetal pattern of party competition that should lead to a two-party system (Gamboa 2006: 70), aside from the implicit objective of helping the electoral chances of the right. In its basic structure, the imposed binomial system implied that there were two available posts per district for congressional elections. Each party or

electoral alliance ran two candidates. One post went to the candidate receiving the most votes within the coalition that received the most votes, and the second post went to the candidate that received the most votes within the coalition that came in second, unless the coalition that won the election doubled the vote of the nearest competing list. In practice, this meant that for an electoral advantage to be reflected in a higher number of representatives, the winning coalition needed to win at least 66.7 percent of the vote in a district. As described by Carey and Siavelis (2005: 4-5), this is usually referred to as "doubling," and it has proven quite difficult to achieve in over twenty years of democratic elections in Chile.

As a result, the multiparty system was forcefully harnessed into a two-coalition system that made it extremely hard for smaller parties to be represented in Congress (Guzmán 2006: 106-107). Since the system was imposed during the transition to democracy, the centripetal forces generated a bipolar structure where the main division was between the right wing—initially composed of Pinochet supporters—and the center-left, which grounded its identity in the opposition against the military regime. In this sense, the center-left coalition, Concertación, had a clear stance against Pinochet and more generally against military involvement in democratic politics, which helped it remain united through the first years of democracy (Angell 2005c: 42). Meanwhile, the right wing coalition, Alianza, struggled through the years to become detached of the Pinochet identity (Huneeus 2001).[51] It eventually was able to at least partially do so, but

[51] The identification with Pinochet was closer in the UDI than the RN, which reflects both the strategic as well as the ideological differences between these two parties. UDI is a socially conservative party, while RN is a more liberal and pro-business political force.

only ten years after the transition to democracy, when Pinochet faced legal challenges in Europe.

Aside from its problems in terms of ensuring broad representation and its intrinsic malapportionment, Chile's binomial system also had a counter-intuitive impact on the dynamics of competition between the government coalition and the opposition. As the concept of competition is borrowed from economics, we usually associate high levels of competition with parity among competitors (Guzmán 2006: 101). In a case with two main coalitions, we would intuitively believe that competition is highest when there are near equal levels of support for the government coalition and for the opposition, to the point where there may be a change in power in upcoming elections. While this is the case for Chilean presidential elections, the dynamics of inter-coalition competition at congressional and municipal levels run in the opposite direction. When there is parity between coalitions, there is little to no chance to "double" the opponent, as it is almost certain that each coalition will receive one post (Guzmán 2006: 100-103). Therefore, the competition for congressional elections is low when the coalitions have similar levels of popular support. Conversely, when there is a wide gap between coalitions, there is a real chance that one of the coalitions may "double" the other one, therefore increasing the level of inter-coalition competition. Therefore, when presidential elections are one-sided, there are usually higher levels of competition for legislative elections, and vice versa.

Moreover, the establishment of appointed senators further affected the levels of political competition between coalitions in Congress, as they provided an assurance that the Concertación would be unable to achieve a majority in the Senate (Rahat and Sznajer

1998: 433). Therefore, even if the center-left coalition was able to "double" the Alianza in some districts—a difficult task in itself—it was always left short of a majority, at least until the reform in 2005 that got rid of appointed senators.

In all, the institutional context set by the military before leaving power shaped inter-coalition competition throughout the period under analysis. The unusual impact of the binomial system on inter-coalition competition together with the existence of appointed senators, explains why during the initial years of democracy in Chile the opposition—composed of both the electoral coalition as well as the military—was institutionally strong, even though the first two presidential elections were one-sided victories for the Concertación. Eventually, the consolidation of democracy, together with Pinochet's legal issues, and the increasing popular support for the right wing coalition changed the political dynamics resulting in some variation in the levels of inter-party competition, even within presidencies.

Intra-Coalition and Intra-Party Factionalism

The level of intra-coalition and intra-government competition in Chile showed important variation during the period under analysis. The Concertación remained in control of government from 1990 until 2010, and although its composition did not suffer important changes, the balance of power among political parties within the government coalition did vary through time. The PDC was dominant through most of the first two presidencies, both in public support as well as in power within government. After those initial years, the PS was able to achieve more parity, at least partially thanks to its sub-

pact with the PPD (Siavelis 2002). Unlike at the party system level, parity within the coalition tended to increase the level of competition, as posts and nominations become contested. Meanwhile, a context of dominance by one party lowered internal competition. Besides power struggles and personal differences, ideological differences within the electoral alliance also fueled competition, with the PDC in the center, and the PS and PPD to its left. The Alianza also faced relatively high levels of competition between UDI and RN, driven both by strategic as well as by ideological differences (Engel and Navia 2006: 134-136). UDI emerged as a party during Pinochet's dictatorship, with a strictly conservative identity that was closer to the military regime, and improved its vote share significantly through the democratic years (Huneeus 2001: 8). Meanwhile, the business oriented RN had a highly personalistic and weakly institutionalized structure, which helps explain how it went from being the main party in the opposition in the beginning of the period to undergoing deep internal reforms in 1999 following a number of internal conflicts (Barozet and Aubry 2005: 166).

Aside from the competitive dynamics among parties, there were also tensions within each party, despite generally high levels of party discipline, particularly in Congress (Toro Maureira 2006). Some of these struggles emerged from ideological differences, but others were simple conflicts for power and control of the parties among internal factions that had originated in the past (Gamboa and Salcedo 2009; Salcedo and de la Fuente 2005). Moreover, as argued by some authors (Engel and Navia 2006: 74) the binomial system generated incentives for intra-coalition competition, particularly since it made nomination processes highly relevant for politicians. Whether defined by primaries,

as was the case in some rare instances, or decided by party and coalition leaders, the nomination process became a difficult balancing game among parties trying to ensure a quota of nominations.[52]

In all, the existence of two broad coalitions made up of a number of political parties would suggest that intra-coalition competition should be generally high in Chile. Although this was the case during some periods, there were also a number of elements that kept internal struggles under check, particularly within the Concertación. On the one hand, the ideological distance between Concertación and Alianza made it almost unthinkable that either individual politicians or whole parties or factions would switch from one coalition to the other (Interview with Navia 2007). Hence, differences within each electoral alliance had to be dealt with internally, as there was no readily available exit strategy. On the other hand, the legacy of the Pinochet era provided a strong incentive for the Concertación to stay close together during the first few years after the transition (Cavallo 1998). This initial external pressure on parties to find ways to coexist generated internal mechanisms to balance power among parties that carried past those initial years (Interview with Viera Gallo 2007). Moreover, the continued electoral and economic success of the Concertación governments also helped keep internal conflict in check, as controlling the presidency also meant having plenty of government posts to distribute among coalition leaders. As the UDI and RN had no such external incentives to find ways to coexist within the Alianza, there were more divisions and conflict within the

[52] This process of nomination negotiations is known in Spanish as *cuoteo*, referring to the nomination quotas each party tries to achieve.

right wing coalition throughout the period under analysis (Alemán and Saiegh 2007: 262). Also, it is important to point out that in comparison with Argentinean political parties—particularly the PJ—Chilean political parties are more programmatically oriented and organizationally unified.

CORRUPTION SCANDALS IN CHILE

The significant variation in levels of competition both within government as well as between government and the opposition explains why Chile had quite a few corruption scandals during some periods, and low levels of corruption scandals during others. In all, and in line with a widespread perception of the country as presenting a fairly clean political system, Chile had fewer corruption scandals than Argentina. However, within this context, it is important to point out that most corruption scandals in Chile still emerged through the causal paths hypothesized in this study, as this chapter shows. The institutional and political legacies of the Pinochet regime and elements detailed in previous sections help explain why political competition within government was low during the first years after the transition, resulting in few scandals, and how it increased as democracy became consolidated, producing higher levels of corruption scandals. The following sections look at each presidency in detail from 1990 to 2010, demonstrating how the varying dynamics of political competition both within the government as well as at the party system level affected the pervasiveness of corruption scandals.

PATRICIO AYLWIN'S PRESIDENCY (1990-1994)

I don't remember, but it is not true. And if it is true, I don't remember.
Augusto Pinochet, 2005.

Here there is not a single leaf moving without me knowing about it.
Augusto Pinochet, multiple times from 1981 to 1993.

Aylwin's presidency provides a prime example of a combination of low intra-government competition and a strong opposition resulting in few corruption scandals. Aylwin arrived to power with broad popular support, but his government coalition was young and included a wide ideological spectrum going from smaller leftist parties to the decidedly centrist PDC. Despite the broadness of the Concertación, Aylwin managed to maintain low levels of conflict within government, with the PDC being the dominant force, and the other parties in the coalition playing along in light of the remaining military and opposition threat (Cavallo 1998: 87). Meanwhile, the opposition was institutionally powerful, despite its disadvantage in popular support vis-à-vis the Concertación. The authoritarian enclaves imposed by the Pinochet regime artificially improved the representation of the opposition in Congress and left the Army in the hands of Pinochet, which together with the particularities of the binomial electoral system increased both the power as well as the threat imposed by the opposition.

These political dynamics posed few incentives and many constraints for insiders to leak damaging information, and as a consequence this period had few corruption scandals. In fact, the few scandals that did emerge during this period were mostly related to events that took place during the dictatorship and to conflicts among opposition actors resulting in counter allegations among UDI and RN politicians.

First Two Years: 1990-1992

Aylwin arrived to the presidency after a democratic transition that took place under the rules established by the dictatorship (Heiss and Navia 2007: 163). The electoral process that resulted in Aylwin's election actually began in 1988 (Flisfisch et al. 2009: 100), with a constitutionally mandated plebiscite that left the decision to end Pinochet's regime in hands of the popular vote. For this initial election, a number of center and leftist parties joined together in the Concertación (Alemán and Saiegh 2007: 254). The results in the presidential election of 1989 mirrored those in the plebiscite, as the Concertación maintained similar levels of support, winning the presidency by a wide margin.[53] Moreover, the right faced the 1989 election divided (Angell 2005b: 20-21, 34), with two presidential candidates representing similar positions: Hernán Büchi, former finance minister during Pinochet's rule, who ran for *Democracia y Progreso* (Democracy and Progress, a coalition of UDI and RN that later became the Alianza), and Francisco Errázuriz, who ran as an independent right wing populist (Angell 1990: 242). Despite winning the presidential election, the Concertación did not achieve majorities in Congress due to, on the one hand, the binomial system that made it very difficult to translate public support into a larger number of representatives in Congress, and, on the other hand, the nine appointed senators, who were consistently conservative and right leaning.

Once in government, Aylwin faced the difficult task of both managing an ideologically diverse coalition, while also keeping Pinochet—who remained as head of

[53] Aywin received 55.18% of votes, while Büchi received 29.39%, and Errázuriz 15.43% (Angell 2005b: 11).

the Army—and the opposition appeased. Coming himself from the most centrist party within the Concertación, Aylwin relied heavily on the PDC to fill two-thirds of his cabinet throughout his government, centralizing power in a few key actors (Flisfisch et al. 2009: 108, 109). The other parties (PS, PPD, and PRSD) only occupied a few posts each, and had limited voice within the government. Most of the key insiders came from the PDC, and the other parties within the Concertación seemed to accept the PDC leadership, particularly in light of the weak stability of democracy (Interview with Boeninger 2007). These intra-government dynamics resulted in low levels of competition among parties and factions, hence posing few if any incentives for insiders to defect and leak information on corrupt acts within government.

Moreover, the low levels of competition and conflict within the government coalition were reinforced by the threat posed by the opposition. Although electorally the opposition was weaker than the Concertación, the authoritarian enclaves left behind by the dictatorship ensured a strong position for the right (Ruiz-Rodríguez 2005: 49). Not only was Pinochet the head of the military, but also there was little if any oversight on his duties. Also, the military had control of the *Consejo Nacional de Seguridad* (National Security Council, CNS), which had a number of unchecked powers. Finally, nine of the thirty-eight Senators were appointed instead of elected, therefore ensuring the representation of the military and right wing interests in Congress. As a consequence, although there were important differences and divisions between UDI and RN, the opposition remained strong, posing many constraints on any sort of conflict within the government coalition.

The combination of weak incentives and strong constraints resulted in very low levels of corruption scandals. In fact, both national level scandals that emerged during this period were not related to the Concertación government, but rather to events that took place during the dictatorship. Although these scandals did not involve the government coalition, they also emerged due to internal conflicts and competition. Only this time, these dynamics played out within the opposition and the military. Therefore, despite their differences with government related scandals, these events are interesting to analyze as they emerged from internal disputes.

The Pinocheques Scandal

In mid-August 1990, only a few months after arriving to the presidency, Aylwin received a confidential file containing photocopies of three checks for three million dollars paid by the military to Augusto Pinochet Hiriart, the son of the former dictator. In a context where the military and Pinochet himself were still very powerful, the news about these checks generated uneasiness within the government (Cavallo 1998: 67-75), which feared Pinochet's reaction (Interview with Boeninger 2007).

The checks were supposedly a payment for intermediary services provided by Pinochet Hiriate in the military acquisition of the arms factory Valmoval. However, the suspicion of embezzlement was widespread and justified by the fact that Valmoval was virtually broke at the time it was acquired by the military (*El Nacional* 2009). The photocopies soon made it to the front pages of a number of newspapers in Santiago,

leading to a standoff between the government and the military,[54] which requested the end of the investigations. The conflict was downplayed after a truce was achieved, but the military had made clear that revisiting the past was off limits to the new democratic government (Villaroel 2005).

This corruption scandal appears to have originated within the military (Cavallo 1998: 75), as a high military officer who had occupied important posts in the economic area during the military government was the insider that leaked information when he was not put up for promotion to general (confidential interviews with two well-placed government insiders 2007). Although this scandal did not involve government officials at the time, we can see how similar dynamics to those argued in chapter 2 are still at play. The information did not originate in the media, or in a rival political party, but rather, it came from within the institution accused of corruption. An insider played a key role in triggering this corruption scandal due to high levels of competition within his institution.

La Cutufa Scandal

Similar to the Pinocheques case, the La Cutufa scandal was related to shady economic arrangements during the military dictatorship. In this case, the scheme involved an illegal loan operation that took place inside the army for almost six years (1983-1989), enriching a number of military officers (*Latin American Weekly Report* 1990). Once again, news about this scandal tarnished the image of the military and of Pinochet, who

[54] This is usually referred to as *El Boinazo* (Cavallo 1998).

attempted to control the consequences of this disclosure by promoting an internal investigation process (*Qué Pasa* 1990).

As in corruption scandals that emerged within government, the source of the information that generated this scandal was again an insider. In fact, the first news on this scandal appeared after one of the investors in La Cutufa, Aurelio Sichel, decided to withdraw his share, which was not well received by the other owners and operators of the financing scheme. Another one of the partners, Patricio Castro, allegedly had Sichel killed (Albornoz 1990), which raised the attention on La Cutufa and resulted in the detention of another insider, Gastón Ramos Cid. When pressed, Ramos Cid provided information on the corrupt scheme in order to avoid accusations of murder (La Epoca 1990). The judiciary initially followed the lead,[55] which involved the participation of a number of military officers in the illegal financing scheme. As in the Pinocheques scandal, the source of the leak came from inside the La Cutufa organization, hitting close to the military.

Overall Assessment 1990-1992

In an environment defined by a recent—and gradual—transition to democracy, political competition was low within the government coalition, despite its size and ideological breadth. Moreover, the opposition represented a clear threat, given its institutional strength. Therefore, there were few incentives for insiders to leak information, and plenty of constraints to do so. In line with theoretical expectations, this

[55] The judge in charge of the investigation died under strange circumstances in the middle of the scandal, which hindered the judicial response to this case (Berrios 1990).

combination produced low levels of corruption scandals. In fact, there were no corruption scandals involving government officials during this period, as the few scandals reported in *LAWR* referred to events that took place during the years before Aylwin's government. This outcome cannot be explained by arguments that emphasize the role of the opposition in the emergence of corruption scandals.

Second Two Years: 1992-1994

One of the reforms achieved during the first years of the Aylwin administration was the establishment of municipal elections to determine Alcaldes and Concejales, who were previously appointed by the executive. The first one of these elections was held in 1992, and it was the first electoral process after the transition to democracy. The Concertación won a majority of both Concejales and Alcaldes, confirming its electoral advantage over the opposition. The nomination process involved negotiations within both the government and the opposition coalitions, which provided insights on their internal dynamics. However, the continued dominance of the PDC within the Concertación, and the confirmation of the government's popularity resulted in little overall changes in the political dynamics during this period.

Between 1992 and 1994 the political sphere was again characterized by a combination of low intra-government competition and relatively high inter-party competition, although marginally lower than during the previous two years. Within the Concertación, the PDC continued to be the strongest member of the coalition, controlling most cabinet posts and eventually achieving the nomination for the next presidential

election. Meanwhile, the opposition, although still strong institutionally and connected to Pinochet and the military, showed continued signs of internal conflict not only between UDI and RN, but also within RN. As in the prior period, weak incentives and strong constraints on insiders to leak damaging information generated few corruption scandals, which were once again mostly related to internal quarrels within the opposition and the military.

The results of the municipal elections established the relative strength of the different parties both within the Concertación and within the opposition coalition. On the one hand, the PDC proved to be the most important member of the government coalition, reaching almost thirty percent of the vote. The PS had to come to terms with the fact that the PPD—which was initially created only to instrumentally circumvent the prohibition of the PS—had a life of its own, and that it was not going to be absorbed by the Socialists (Cavallo 1998: 169). The poor showing of the PRSD (less than five percent) also confirmed the decidedly centrist tendency of the Concertación and its electorate. Overall, these outcomes confirmed the powerful position of the PDC, although the party leaders were expecting an even clearer victory that would save them from spending time and effort in ensuring the nomination for the upcoming presidential election. Moreover, the cabinet composition remained mostly unchanged, with only a single cabinet change during the period. On the other hand, the election results also provided an assessment of the relative strength of the parties in the opposition. RN received seven percentage points more than the UDI, and the latter had no prospective candidates for the presidential election, while the former had two main presidential hopefuls, Sebastián Piñera and

Evelyn Matthei (Cavallo 1998: 167-169). In fact, the competition between these two became evident in the Piñera gate, a non-corruption scandal that hit the opposition during these two years.

Overall Assessment 1992-1994

As was the case in the preceding two-year period, internal struggles within the opposition generated some incentives for opposition actors to attack one another. However, on the government side, a powerful PDC generated low levels of internal competition, and the opposition—albeit divided—still posed a threat thanks to its institutional strength and the powerful position of the military and Pinochet. As a result, once again there were weak incentives and strong constraints for government insiders to leak damaging information, resulting in low levels of corruption scandals.

Recapping the Period: 1990-1994

Overall, Aylwin's government was characterized by low levels of competition within the government coalition, and an opposition that was both electorally weak and institutionally strong, as the main threat did not come from the political parties representing the opposition but rather from the military, still deeply involved in Chilean politics. This scenario was particularly prevalent in the first two years after the transition, but similar dynamics continued throughout Aylwin's presidency, despite growing conflict within the opposition coalition.

As the presidential election approached, the Concertación was almost guaranteed its continuity in power. The PDC continued to dominate the government dynamics

throughout this period, leaving the PPD, the PRSD, and the PS to secondary roles. The external threat posed by Pinochet and the military kept internal quarrels in check, and most decisions in government were made through a small circle of insiders who were almost invariably PDC members. The opposition coalition had internal problems resulting from the personal, strategic, and ideological differences between the more business-oriented RN, and the more socially conservative and military-friendly UDI. RN started the period as the main party in the opposition, but this role was contested by the UDI, particularly in the years after the 1992 municipal elections. The support of the military enhanced the position of UDI (Barozet and Aubry 2005: 179).

The combination of weak intra-government competition and a fairly strong opposition threat posed few incentives and strong constraints for insiders to leak information, generating low levels of corruption scandals during the four years of Aylwin's presidency. In fact, the main scandals during this period were not related to government activities, but rather to events that took place during the military dictatorship and to internal conflicts within the Alianza coalition. In the following years, as democracy grew more consolidated, cracks began to emerge in the Concertación, which resulted in the first corruption scandals of the period under analysis.

EDUARDO FREI'S PRESIDENCY (1994-2000)

During Frei's presidency—the first one that lasted six years after Aylwin's four-year term—there was some variation in levels of competition, both within the government coalition as well as between government and the opposition. The first two

years had increased levels of competition among parties within the Concertación, after winning the presidential election by a landslide (Flisfisch et al. 2009: 113). The PDC was struggling to continue its dominance of the coalition, and the PS and PPD started to challenge the PDC's position. Although still not as prevalent as it would become in the future, these conflicts within the Concertación provided some incentives for insiders to leak damaging information in order to advance their position, particularly during the first years of Frei's government.

Meanwhile, the opposition was on the one hand in disarray at the national level, unable to really compete for the presidency (Navia 2005: 460-461), and on the other hand more competitive in local and congressional elections, making doubling even more difficult than in previous years. Moreover, the presence of appointed senators remained a source of institutional strength, as the Concertación was simply not able to have majorities in Congress despite its advantage in popular support. This initial configuration of the opposition posed fewer constraints on insiders than in previous years, allowing for competition within government to take place. After the first years of Frei's presidency, the opposition started gaining power and support, particularly as it gradually freed itself of its connection to the past dictatorship, which had been costly in electoral terms. As a result, the constraints on insiders became stronger in the later years of Frei's administration.

Consequently, in the 1994-1996 period there were some incentives and fairly weak constraints for insiders to leak information. Therefore, this period had the first corruption scandals involving the Concertación government resulting from attempts to

leap-frog within the coalition. Then, in 1996-1998, after the municipal elections, there were changes in the configuration of the political sphere, reducing the incentives for insiders to leak information, and more importantly, increasing the constraints, as the opposition became more unified and started to disentangle itself from the Pinochet legacy. In line with theoretical expectations, there were lower levels of corruption scandals. This configuration continued in the last two years of Frei's presidency, 1998-2000, also resulting in low levels of corruption scandals. The following sections assess this variation, showing how the changes in the dynamics of political competition drove the change in the level of corruption scandals.

First Two Years: 1994-1996

Frei assumed the presidency after a clear victory in the 1993 presidential election, where he doubled his closest competitor, Arturo Alessandri. Before this election, Christian Democrat Frei had won the primary over the PS-PPD candidate, Ricardo Lagos, also by a wide margin (Engel and Navia 2006: 122). Therefore, he arrived to the presidency with wide legitimacy not only for himself but also for democracy, also thanks to the good economic and political outcomes achieved by Aylwin's government (Angell 2005c: 41). Within the Concertación, there was still a need to show a united front against the military legacy, which helped unite the coalition and go through a transparent and clean primary process (Engel and Navia 2006: 122).

Once in office, Frei faced some challenges negotiating with the other parties of the Concertación, which were growing uncomfortable with the continued prevalence of

the PDC (Cavallo 1998: 236-244). In fact, the competition to see who would obtain the presidential candidacy after two straight PDC presidencies began almost as soon as Frei took office (Interview with Brunner 2007; Cavallo 1998: 122). Democracy seemed consolidated, also allowing for more struggles to take place within the government coalition (Angell 2005c: 60) and within the PDC (Navarrete 2005: 137-138). As a result of the increased levels of competition within government, which were still moderate compared to other periods analyzed later in this chapter, there were some incentives for insiders to leak information on coalition allies in order to advance their position within government. The ideological differences with the opposition and the remaining cleavage resulting from the Pinochet years made it almost unimaginable for insiders to leave the Concertación and join the opposition, making ship-jumping a highly unattractive strategy.

The opposition was in a strange position. The infighting within RN had hindered the chances of an opposition candidate to actually have a chance in the 1993 presidential elections. Alessandri won the nomination only because he managed to keep the opposition united, but soon he became a candidate with almost no chances to even reach a second round. His weakness became so evident during the campaign that the opposition congressional candidates (presidential and congressional elections took place simultaneously in 1993) abandoned their own presidential candidate, running mostly local or regional campaigns and attempting to detach themselves from Alessandri's candidacy (Angell 2005c: 48). The result was that despite the failure of the presidential candidate, the opposition achieved decent results in the congressional elections, increasing its vote share by over ten percent compared to the 1992 elections and reaching

levels of support that were in line with the historical support for the right in Chile. The combination of weak support for the opposition in the presidential race—to the point where it posed no real threat to the Concertación in the presidential election—and stronger support in congressional elections, which made it particularly difficult for the Concertación to "double" and overcome the difficulties imposed by the binomial system, resulted in lower levels of inter-coalition competition despite the remaining institutional strength of the opposition. Therefore, there were diminished constraints on insiders to trigger corruption scandals.

The aforementioned dynamics generated the first national level corruption scandal of the Concertación, which would carry deep political consequences. Until the *Codelco* scandal, corruption was not among the main concerns of Chilean voters, as made clear by the first opinion poll after Frei's election (*El Mercurio* 1994b). This scandal changed the perception and eventually helped the opposition become more competitive, resulting in shifts in the political dynamics during the following years.

The Codelco Scandal

The Corporación Nacional del Cobre (National Copper Corporation, Codelco) is not only Chile's most important primary resource company, but also the largest copper producing company in the world. It is owned by the state and headed by a board of seven directors appointed by the president (Cavallo 1998: 233). The close connection with the state, together with the importance of copper extraction for the Chilean economy, reinforced the impact of the scandal that hit Codelco in early 1994, right in the middle of

the transition between Aylwin and Frei's governments. Initially a technical and financial issue related to the mismanagement of futures and derivatives issued by the company, the scandal quickly became a national corruption issue when the board of directors got implicated in the scheme.

The corruption scandal emerged when it was discovered that Codelco had had issues of creative accounting for a few years. Initially, the affair was originated by the confession of the young executive who was in charge of managing the financial instruments issued by Codelco, Juan Pablo Dávila (La Epoca 1994). Soon it became apparent that the tensions between Aylwin and Frei, and the negotiations about posts in the Frei administration were behind the emergence and spread of the scandal (confidential interview with well-placed government insider 2007; Cavallo 1998: 234). These tensions reflected the internal divisions within the PDC, which had been growing during Aylwin's administration and which became ever so evident in the formation of Frei's cabinet.

Once the scandal emerged, the opposition attempted to capitalize on the events by trying to connect the scandal to main figures within the government coalition (*El Mercurio 1994a)*. Although the attempts were only mildly successful, the government coalition did pay a high price for the scandal, as its popularity and non-corrupt image took important hits. In line with the arguments advanced in this dissertation, this first main scandal involving the Concertación had its origins in the tensions and competition among factions and parties within the coalition, in a context in which the opposition posed weak constraints on insiders given its own internal divisions.

Overall Assessment 1994-1996

This period was characterized by increasing conflicts within government, both among the different parties in the coalition as well as within the PDC itself (Interview with Boeninger 2007). These tensions were also reflected in the important cabinet overhauls Frei had to make in his first years in office. In the meantime, there were problems within the opposition, again both between UDI and RN as well as within RN. Despite the difficulties these issues posed for the opposition in terms of national level elections, each opposition party was mildly successful in increasing its vote share in the congressional elections, paradoxically lowering competition between government and the opposition given the difficulties in doubling that were explained earlier in the chapter. These conditions created a situation where for the first time there were some incentives and weaker constraints for insiders to generate corruption scandals. As a result, the first national level corruption scandal of the Concertación emerged in this period, generating eight weeks of coverage in *LAWR*, a significant increase in the level of corruption scandals compared to the Aylwin presidency.

Second Two Years: 1996-1998

Partly as a consequence of the internal struggles within the Concertación and the Codelco scandal, the political dynamics shifted after the initial years of Frei's presidency. Heading towards the municipal elections of 1996, the government coalition peacefully coordinated its candidacies after the conflicts in the initial years (Balán 2011). The results of this election reflected both the growth in popular support for the opposition, which

neared forty percent, as well as the continued popularity of the Concertación. Within the government coalition, the municipal election also showed the growth of the PS and the PPD, and the slight decay of the PDC. These changes also shaped the negotiations heading to the upcoming congressional elections, as the PPD and the PS formed a sub-pact so as not to compete with one another, concentrating their efforts in achieving more parity with the PDC (Engel and Navia 2006: 129). The PDC continued to hold most cabinet positions, and intra-government conflict remained low (Interview with Boeninger 2007), posing weak incentives on insiders to defect. Moreover, the increased power of the opposition and the emergence of some conflicts with the military in a context where the authoritarian enclaves were still very much present increased the constraints on insiders. As expected, this shift in political dynamics resulted in low levels of corruption scandals during this period.

In terms of the constraints on insiders, the civil-military conflicts that came up during these years increased the perception that there was a significant threat to the Concertación, which according to some analysts helped Frei maintain control of the coalition (Interview with Cortés Terzi 2007). In particular, a number of judicial decisions regarding some crimes committed during the dictatorship strained the relationship of the government with the *Carabineros* (the Chilean police force) and the military, resulting in a few cabinet reshuffles that attempted to tighten the control of the government (Cavallo 1998: 245-286). Moreover, Pinochet was still the Army Commander and the authoritarian enclaves left by the dictatorship remained in place, enhancing the bargaining power of the military (Interview with Brunner 2007).

Overall, this situation increased the threat by the opposition, both military as well as political, and the Concertación closed ranks in response (Interview with Allamand 2007). The initial conflicts within the government coalition dissipated, as the PDC set aside its internal issues, and the PPD and PS left behind their conflicts[56] formally collaborating and achieving a louder voice within government, to the point of pushing and eventually obtaining Ricardo Lagos' candidacy for the 1999 presidential election. In a context of weak incentives and strong constraints on insiders, there were low levels of corruption scandals during this period, with only a single week of coverage on corruption scandals in *LAWR*.

Final Two Years: 1998-2000

Intra-government conflict became even less prevalent in 1998-2000, when the PS and PPD managed to assert Lagos as the next Concertación candidate with over seventy percent of the vote in the primaries. In these last two years of Frei's government, inter-party competition grew, as economic conditions worsened and Pinochet's detention in England allowed the Alianza and its presidential candidate, Joaquín Lavín, to "distance himself from the octogenarian general" (Navia 2001: 4). Following the trend of the previous years, this political configuration resulted in low levels of corruption scandals during these years.

The congressional elections of 1997 provided indications about both the changes in political dynamics within coalitions and between them, as well as the distortionary

[56] The PPD was initially created as an instrumental party in order to overcome the PS prohibition, but soon it became independent of the PS, competing with it for a similar ideological portion of the electorate.

effects of the binomial electoral system. Although the Concertación—and in particular the PDC—received a majority of votes, there were unusually high percentages of null and blank votes, which showed the growing popular discontent with Frei's government (Ortega Frei 2003; Navia 2004: 235). Neither the more leftist parties in the Concertación nor the opposition were able to capitalize on the PDC's growing problems. As mentioned before, the PS and PPD created a sub-pact, agreeing not to compete with one another. However, instead of arranging candidacies in order to try to maximize the sub-pact's representation in Congress, the negotiations were conducted trying to favor the position of some party leaders who were mostly interested in their own candidacies, such as PS leader Camilo Escalona (Engel and Navia 2006: 130-131; Interview with Cortés Terzi 2007). As a result, the PDC was favored in the distribution of seats by this poor arrangement and by the binomial system, getting thirty-two percent of seats in the lower chamber and fifty percent of seats in the Senate, despite only getting twenty-three and twenty-nine percent of the votes respectively in each election (Ortega Frei 2003). In all, the success of the PDC in getting seats in congress was mostly due to its savviness in negotiating within the government coalition, and not to great electoral results.

As the presidential elections approached, the growing discontent with Frei and the PDC shaped the primaries within the Concertación. After ten years of PDC presidencies, the other parties in the coalition were attempting to impose a PS-PPD candidate. Moreover, Ricardo Lagos had a good image, years of experience in cabinet positions, and was affiliated to both the PS and the PPD, making him an ideal candidate to represent these parties. Meanwhile, the PDC lacked a clear front-runner for the candidacy, as its

image was deteriorated after nearly ten years in power. Senator Andrés Zaldívar was in the end the PDC candidate in the primaries, but as expected from early on (Flisfisch et al. 2009: 115), he lost by more than forty percent to Ricardo Lagos, settling the Concertación candidacy for 1999. This context where the PDC decline was evident and unavoidable continued to generate low levels of intra-government competition. The PS and PPD wanted the Frei government to improve its public image, as this would weigh positively on Lagos' candidacy. Some PDC political figures were unhappy with Lagos's candidacy (Angell 2005d: 78), but since the current government was their own, they were still loyal to the Concertación. Eventually, this unwillingness to endorse the moderate socialist Lagos would result in increased internal struggles during Lagos presidency. But for now, it did not generate conflicts within the coalition.

The opposition, although unable to fully capitalize on the Frei government's growing unpopularity in the congressional elections, had a decent showing in the election (Flisfisch et al. 2009: 114) and remained in control of the Senate, despite losing some of the appointed Senate seats that were now in control of the Concertación. Moreover, Pinochet's legal issues, which began in late-1998 with his detention in London, helped the opposition free itself from the legacy of the dictatorship, which was imposing a rather low ceiling of votes for the right (Interview with Navia 2007). The balance of power among parties in the opposition coalition shifted somewhat, as divisions within RN—which was a more ideologically diverse party with a weaker internal structure (Barozet and Aubry 2005: 166, 174)—allowed the UDI to reach a more prominent position. In light of the increased parity between Concertación and Alianza, the opposition parties

joined forces and Joaquín Lavín, a prominent UDI figure, became the nominee. Opinion polls at the time suggested that there was more parity among coalitions than in previous years, as now the opposition posed a real threat to the government coalition, generating strong constraints on insiders to defect.

Following the general trend of the previous years, there were low levels of intra-government competition and increasing levels of opposition threat, which resulted in low levels of corruption scandals, as expected by the arguments advanced. In fact, in this two-year period there were no weeks of coverage on corruption scandals in *LAWR*.

Recapping the Period: 1994-2000

During Frei's presidency there was some variation in the level of corruption scandals; the first two years had moderate levels, and then the last four years had low levels of scandal. This change follows the hypothesized direction, as the level of competition within government was higher in the first few years than later in Frei's presidential term. Then, as the opposition grew stronger, posing increased constraints on insiders, there were lower levels of scandal in the last four years. In line with theoretical expectations, corruption scandals remained at relatively low levels during Frei's presidency. The important exception was the Codelco scandal, which coincided with the period of higher intra-government competition.

Furthermore, during this period there were few if any changes in the attitude of the media or the level of media independence, or in the power and actions of control

agencies. In short, these elements cannot account for the variation in the level of corruption scandals, which provides further support for the main argument of this study.

RICARDO LAGOS' PRESIDENCY (2000-2006)

After ten years of relatively stable PDC presidencies, during Lagos' administration there were two clearly distinct stages that presented starkly different levels of competition, both within government as well as between the government and the opposition. On the one hand, the first four years displayed unprecedented disputes among the parties in the Concertación, in a context in which the opposition seemed to be simply unable to win national elections, despite coming close in 1999-2000. On the other hand, the last two years of Lagos' term had considerably lower levels of internal conflict, as the Concertación seemed on its way out from the presidency (Interview with Viera Gallo 2007). There were still differences and disputes within the government coalition, but the likeliness of an electoral defeat in the upcoming presidential election brought the Concertación together in an effort to maintain power. These changes in the political configuration of the government coalition were coupled by modifications in the opposition. While divided and in conflict during the initial years after Lavín's defeat, the opposition gained strength at least partially thanks to the problems within government and the corruption scandals that resulted from them.

Therefore, in the 2000-2004 period there were strong incentives and weak constraints for insiders to leak information, resulting in high levels of corruption scandals resulting mostly from leap-frogging, with forty-one weeks of coverage in *LAWR*. Then,

in 2004-2006 there was a significant change in the configuration of the political sphere, reducing the incentives for insiders to leak information and increasing the constraints. In line with theoretical expectations, there was a drastic decrease in the level of corruption scandals, with no coverage of scandals in *LAWR* in that two-year period.

This section assesses a case of remarkable variation in corruption scandals within the same presidency. It is difficult to imagine that there was a sudden decrease in levels of actual corruption, as the variation occurred under the same administration. Therefore, the analysis of this presidency provides evidence that discredits the notion that changes in corruption level explains the variation in corruption scandals. Similarly, there were not significant changes in the media system that can account for the observed difference in corruption scandals. Also, control agencies did not suffer any changes from the first four years to the last two years of Lagos' administration. Lastly, the observed variation follows the expected direction in terms of the power of the opposition acting as a constraint on insiders, calling into question the theoretical proposition that a stronger opposition acts as a check on governmental actions. The following section tracks the change in the level of corruption scandal from Lagos' first four years to the last two years, demonstrating how the changes in the dynamics of political competition drove the change in the level of corruption scandals.

First Two Years: 2000-2002

Lagos' path to the presidency went through a serious challenge from the opposition, unlike his two Concertación predecessors. After winning the nomination over

Zaldívar, Lagos faced Lavín and four other minor candidates in the first round. As predicted by most polls (Angell 2005d), the election was very close (less than one percent difference between Lagos and Lavín) and the two top candidates went to a second round. "The right had achieved what had never been deemed possible: Lavín had surpassed the percentage gained by Pinochet in the 1988 plebiscite by nearly four points" (Hughes and Parsons 2001: 645). In the second round, Lagos secured a narrow victory, getting most of the votes cast in the first round for the smaller parties, especially the communists (Dussaillant 2005: 490).

As the first Concertación President not coming from the centrist PDC, once in office Lagos faced important challenges within the coalition. His initial cabinet reflected the remaining power of the PDC in spite of not controlling the presidency: of sixteen ministers, seven were from the PDC, three from the PPD, four from the PS, and two from the PRSD (Hughes and Parsons 2001: 647). Intra-government competition was high from the beginning, as the more leftist parties (PPD, PS, and PRSD) pushed for a "true" social-democratic presidency after ten years of market policies, while the centrist PDC supported a continuation of prior policies. Moreover, the close results of the 1999-2000 elections intensified the differences between insiders who had a positive outlook of the performance of the Concertación and those with a more pessimistic take on the ten years of center-left governments. The former were generally referred to as *autocomplacientes* (complacent) and the latter as *autoflagelantes* (self-deprecating). The division between these two groups crossed party lines, complicating the internal structure of the government coalition even further (Navia 2004: 235-245). In all, the divisions and

tensions within government posed plenty of incentives for insiders to leak information, mostly in attempts to improve their position within government (leap-frogging). As the ideological distance between the government coalition and the opposition continued to be stark and clear, the possibilities for ship-jumping were limited.

Meanwhile, the opposition had internal struggles, as the electoral defeat generated the sense that there was simply no way to defeat the Concertación in national elections. RN had been the main opposition party within the Alianza for a decade, and Lavín's candidacy marked a change in internal dynamics, with the UDI assuming a more prominent role (Montes et al. 2000: 823). Although the opposition continued in control of the Senate, partly thanks to having six out of nine appointed senators, it seemed clear that in the short term Lagos would replace some of these senators with figures from the Concertación. And in the longer term, Lagos' platform included changes to the constitution that would eventually abolish these appointed senators together with other authoritarian enclaves (Fuentes 2006: 11-14). This context generated a perception that the opposition was fairly weak and in conflict, which posed few constraints on insiders to leak information.

In line with the hypotheses presented, cross-allegations of corruption did not take long to appear, as there were weak constraints and plenty of incentives for insiders to leak damaging information. The compensation scheme scandal started a series of counter-allegations, mainly between PPD and PDC, which generated an array of new scandals (Golden Handshakes, Bribes in Health Sector), and magnified the MOP-Gate scandal. In all, the scandals during this period generated twenty weeks of coverage in *LAWR*.

Golden Handshakes

Only a few months into Lagos' presidency, the tensions between the PS-PPD sub-pact and the PDC were evident. Rising unemployment had hurt the reputation of the government, and the PDC did not share the policy direction taken by Lagos. In this context, the PPD official in control of the National Post Office, María Soledad Lascar, denounced that the former director René Labraña, a PDC politician, had paid excessive sums as severance to himself as well as to a number of his collaborators (Letelier 2000). Allegedly, Lascar denounced this scheme when she was facing difficult collective bargaining negotiations with the board of the company, headed by Emilio Soria, another PDC politician. The board and Labraña responded by saying that the practice of assigning themselves and others these so-called "golden handshakes" was not limited to the National Post Office, but that it was the case in a number of state-controlled companies and agencies; this was an attempt to show that this was not only a PDC issue (*La Tercera* 2000).

The executive compiled and released a list of government insiders who had received these severance payments in the last few months of Frei's government. Unsurprisingly, the list of names released by the government contained only PDC figures *(Latin American Weekly Report* 2000a), which angered the Christian Democrats. In turn, the PDC compiled a complementary list, including more names of insiders who had received these payments. Predictably, the list made public by the PDC contained a number of PS and PPD politicians who allegedly had also received the "handshakes," in

an attempt to make clear that all three parties were responsible for the scandal (*La Tercera* 2000).

In reaction to these counter-allegations from the PDC, the government attempted to downplay the importance of the issue, explicitly saying that the payments were not technically illegal, albeit not very ethical (*La Segunda* 2000c). Moreover, Lagos required that all people holding office in his government who had received the payment should either quit or return the money (*La Segunda* 2000a, 2000b). This reaction was taken as a truce offering by the PDC, and the scandal did not take long to dissipate (*Latin American Weekly Report* 2000b). However, this initial corruption scandal would set the stage for a number of other scandals that emerged during these years.

In all, the "golden handshakes" scandal is a clear example of government infighting leading to insiders accusing each other of wrongdoing in order to advance their position within government (Interview with Cortés Terzi 2007). All the accusations and counter-allegations came explicitly from inside the government coalition (*La Tercera* 2000) as a result of the high levels of competition and conflict among insiders. The rise to power of the PS-PPD sub-pact generated tensions with the PDC, which became visible during this scandal that evolved through an extended period of time. Moreover, this scandal emerged at a time in which the opposition had its own share of internal problems, posing few constraints on intra-government competition.

MOP-Gate Scandal and Sobresueldos

Perhaps the most important scandal since the return to democracy in 1990, the MOP-Gate corruption scandal shocked Chilean politics and opened the floodgates for a number of other scandals that emerged as spin-offs in following years. In fact, almost from its beginning, this scandal was related to the *Sobresueldos* (overpayments) corruption scandal, which implicated a wide range of political figures in the Lagos administration (Interview with Ortega 2007).

The initial news on what would become the MOP-Gate broke as early as August 2000, when a Gate (a company called *Gestión Ambiental y Territorial*, Environmental and Territorial Management) secretary was caught trying to steal from her own employers (*La Tercera* 2002b). At the time, she declared that the money she was keeping to herself was "political money." Not much came of her initial denunciations, but a few months later, in the midst of the intra-government conflicts that were rampant during the golden handshakes scandal, the MOP (*Ministerio de Obras Públicas*, Public Works Ministry) was implicated by anonymous sources in a set of contracts with Gate. According to some insiders, the claims came from the PDC as a way of getting even with Lagos (former head of MOP) after the handshakes scandal that hurt Frei and the PDC image in particular (confidential interviews with two well-placed government insiders 2007).

The scheme involved a set of contracts that MOP had signed with Gate, a sort of ghost-company made up only of its director, Héctor Peña Véliz, and his secretary. MOP signed multi-million peso contracts with Gate, which then outsourced for a lot less than it

was receiving. Then, Gate would also pay the heads of MOP a hefty amount monthly as *sobresueldos* (over payments) that many considered simple kickbacks (*La Tercera* 2002a). One of the main politicians involved in the scandal, Patricio Tombolini (PRSD), denounced that he was not the only one receiving these extra salaries and involved politicians from the other parties within the Concertación (*La Tercera* 2002c). The scandal kept growing, involving a number of government insiders and hurting the reputation of the Lagos administration. Moreover, as analyzed later in this chapter, this scandal also generated a set of spin-off scandals—MOP-Ciade, MOP-Universidad de Chile, MOP-Idecom—that continued to negatively affect Chilean politics for the next few years.

As in the golden handshakes corruption scandal, the source of MOP-Gate was deeply connected to internal struggles within the Concertación. Although the initial information came from the secretary of Gate, the news did not become a scandal until an anonymous source—allegedly linked to the PDC—connected the scandal to MOP, hitting close to Lagos. Then, counter allegations among insiders fueled the scandal, generating lots of media and public attention, and eventually judicial interest as well. The judicial investigations took years, as the corruption scandal kept growing and involving other political figures.

Overall Assessment 2000-2002

The first PS-PPD presidency in the Concertación era increased the level of competition within the coalition. Both the differences with the powerful PDC, as well as

the growing tensions between *autoflagelantes* and *autocomplacientes* generated plenty of motivations for government insiders to generate corruption scandals. In the meantime, the struggles in the opposition and its repeated electoral shortcomings posed few constraints. The consequence was that this period had the highest level of scandals since the return of democracy, with a few scandals generating lots of media and public attention. Similar dynamics would continue during the next two years, as the presidential elections were still a few years away.

Second Two Years: 2002-2004

The Concertación paid the price for the corruption scandals during 2000-2002 in the following legislative elections (Interview with Fernández 2007), losing over ten percent of the support held in the Chamber of Deputies. For the first time since the return of democracy, the PDC was not the party with the most votes in lower chamber elections, as the right-wing UDI received seven percentage points more votes than the centrist PDC. Moreover, the overall difference between Concertación and Alianza was less than four percent points, which translated into getting only four more representatives in the House. The Senate showed similar results, with a slight advantage for the Concertación. However, the opposition remained divided and conflict grew between UDI and RN as struggles emerged in light of the upcoming presidential nomination. Also, the changes in appointed senators, with former president Frei joining the upper house and Pinochet leaving it due to his legal issues, left the Senate with an equal number of Alianza and

Concertación Senators, which tempered the consequences of the elections (Interview with Fuentes 2007).

Therefore, despite achieving promising results in the election, the opposition actually lost institutional power, which allowed the Lagos government to negotiate the promised changes in the constitution, eventually eliminating appointed and life long senators (Heiss and Navia 2007; Fuentes 2006: 11). The opposition remained divided and therefore weak, posing few constraints on the continued struggles within the government coalition. Within government, similar dynamics maintained high levels of conflict and competition, which posed strong incentives for insiders to attempt to damage other government insiders. Lagos changed his cabinet a few times, always maintaining the initial balance of power, a strategy that proved unsuccessful in curbing internal struggles (Interview with Cortés Terzi 2007).

As in the previous two-year period, the combination of high levels of intra-government competition and an opposition that although stronger was still divided, resulted in high levels of corruption scandals. The Corfo-Inverlink and Roncagua Bribes scandals, as well as the MOP-Gate spin-offs, took front stage and defined the middle of Lagos' presidency, providing an example of how internal division can lead to cross-allegations that result in multiple corruption scandals. These corruption scandals ended up generating twenty-one weeks of coverage in *LAWR*, a similar level to the one in the previous period. By the end of this two-year period, the opposition was on the upswing as Lavín was leading presidential polls for 2006 (Centro de Estudios Públicos 2004), and the

government coalition seemed to be going towards its first electoral defeat since the return to democracy.

MOP-Gate spin-off Scandals

The MOP-Gate scandal went through multiple developments through the years, as judicial investigations resulted in other political figures being involved in the scandal, opening new doors to the disclosure of other corrupt schemes (Guerra 2003). This is how an array of MOP scandals came to light in these years, including MOP-Ciade (*Centro de Investigación Aplicada para el Desarrollo de la Empresa*, Center for Applied Research on the Development of Business), MOP-Universidad de Chile, and MOP-Idecon (*Instituto de Economía*, Economic Institute), among others. In all these cases, the corruption scheme was similar: MOP would sign contracts with each of these entities, and then some politicians would receive under-the-table monthly payments that many considered as simple kickbacks. These corruption scandals negatively affected the image of the government, since counter-allegations coming from insiders hit close to the different parties within the Concertación (confidential interview with well placed government insider 2007).

Judicial investigations of these cases also generated media attention, and a number of former and current public officials were held accountable for the contracts signed from MOP (*El Mercurio* 2003; Faúndez et al. 2004). Despite having been head of MOP during years in which some of the contracts were signed, Lagos avoided all legal responsibility (*La Tercera* 2005), surviving almost unscathed in terms of public image as

well (Saldivia 2004). In all, as was the case with the original MOP-Gate corruption scandal, the scandals that resulted from it were also generated by disclosures coming from insiders attempting to blame other political actors and get themselves out of the spotlight. The events that were being denounced had taken place years ago (many of these contracts were from the Frei administration) and there were a number of insiders who knew about these schemes since then (confidential interview with well placed government insider 2007). However, the corruption scandal only broke once a political configuration of high intra-government competition and low opposition threat provided insiders with plenty of incentives and few constraints to use this information while jockeying for power within government.

Corfo-Inverlink Scandal

This corruption scandal originated in 2003, when it became known that Corfo (*Corporación de Fomento de la Producción*, Corporation for Production Development) had provided funds to Inverlink, an investment company that had recently been involved in an insider trading scandal (Traslaviña 2003). The information about Corfo's dealings with Inverlink came from a confession from the head of Inverlink, Eduardo Monasterio, who implicated the government in the scandal in order to divert attention from the original scandal (Monasterio 2005: 22; Mendoza 2003). His denunciation once again hit close to the government coalition and to Lagos, as Corfo's vice-president, Gonzalo Rivas, was not only a PPD politician, but also married to Lagos' daughter. The PDC held Rivas responsible for the dealings with Inverlink and demanded his resignation. In turn, the PS

tried to place blame on the economic minister, Jorge Rodríguez Grossi—a PDC politician—as he was the president of the Corfo board of directors (*La Tercera* 2003). Another former minister of Lagos, Alvaro García from the PPD, who had been forced out of office a few months before due to his confrontation with other cabinet members, was also held responsible since he interceded in favor of Inverlink, asking the government not to withdraw funds from the company (Carrera and Mendoza 2003).

In the end, this corruption scandal generated media and public attention, mostly due to the caliber of the political figures involved in the events. It forced a new change in the cabinet, and the counter allegations between the PDC and the PS-PPD provided further evidence of the tensions among the parties that made up the Concertación (*La Tercera* 2003). In this scandal the initial leak of information did not originate from a government insider, but rather from an insider from the private company involved in the corruption scheme. In that sense, this case deviates from the general argument advanced in this study. However, it is important to point out that government insiders did contribute to the scandal trying to gain political advantages by holding members of the other parties in the government coalition responsible for the misdeeds. Therefore, although the initial leak of information came from Inverlink, the development of the scandal was connected to the tensions between PDC and the PS-PPD sub-pact.

Overall Assessment 2002-2004

As was the case in the preceding two-year period, the internal struggles were generating plenty of incentives for insiders to attack each other. An opposition with

internal conflicts despite its increased popularity posed few constraints for power struggles within government. In line with theoretical expectations, the consequence of the continuation of the political dynamics that were present in the first two years of Lagos' presidency was persistently high levels of corruption scandals, which affected the image of the Concertación, putting the opposition in a promising position heading in the run-up to the following presidential election.

Final Two Years: 2004-2006

After four years of intra-government struggles, which for Chilean standards generated many corruption scandals, in the last two years of Lagos' administration there was an important change in the political dynamics. As the municipal elections approached in 2004, the opposition expected to finally surpass the Concertación in popular support. However, a few months before the elections the government coalition closed ranks and peacefully decided the nominations unlike in the past (Engel and Navia 2006: 120), which had a positive effect and allowed it to retain a majority of Alcaldes and Concejales (Mardones 2007). In light of the relative success in these elections and the proximity of the presidential election, the Concertación had far fewer internal struggles in this period. The opposition increased its strength and looked like the front-runner heading to the presidential election (Interview with Allamand 2007), posing important constraints on insiders. This change in political dynamics resulted in remarkably lower levels of corruption scandals, particularly in comparison to the previous four years.

Facing a possible defeat in the upcoming presidential elections, the government coalition decided to go against a tradition of favoring the old guard of the parties, letting the electoral chances of the candidates decide the next Concertación presidential nomination (Engel and Navia 2006: 141). Given the number of prospective candidates, holding primaries would have intensified internal competition in an environment in which the Concertación was struggling to retain power. Therefore, although suboptimal in terms of transparency, the behind closed doors decision actually helped keep struggles in check (Interview with Boeninger 2007). In these two years there was only one cabinet change, and the government was able to keep strong control of congress, successfully negotiating important changes in the constitution (Heiss and Navia 2007). Lagos' popularity increased significantly, and he became a key actor in deciding the nomination of the next Concertación presidential candidate. Defense Minister Michele Bachelet quickly achieved the nomination after Soledad Alvear, Justice Minister, withdrew her nomination given Bachelet's popularity (Engel and Navia 2006: 146).

The opposition had improved its standing consistently during Lagos' presidency, setting up high expectations for the municipal elections of 2004. The somewhat disappointing results put in question the chances of the Alianza in the 2005 presidential elections. Throughout Lagos' presidency, it seemed without question that Lavín was the head of the opposition and the future candidate for the Alianza. However, as Lavín's poll numbers stopped growing, Sebastián Piñera from RN started pushing for his own nomination. Conscious that a primary in the opposition would benefit the more right-wing Lavín, Piñera ended up forcing a double nomination for the Alianza in the first

round. The emergence of internal struggles ended up hurting the chances of the opposition, and the Concertación slowly chipped away at Alianza's advantage in the polls.

In all, there was a stark change in the political configuration, with the government keeping internal conflict to the minimum given the tangible threat posed by the opposition. This change explains the variation in corruption scandals, which diminished significantly.

The new configuration of the political sphere, with the Alianza—as late as the end of 2004—as the apparent front-runner for the presidential election changed the dynamics of political competition during this period. The consequence of a stronger opposition threat was that the government coalition closed ranks and kept conflict in control, which generated a remarkable decrease in the level of corruption scandals. This finding stands against the existing explanations (such as those posed by Ginsberg and Shefter 1990; Davis et al. 2004) that argue that the opposition acts as a source of control of government actions, and that therefore a stronger opposition should be associated with higher levels of corruption scandals. In fact, there was no coverage on scandals in *LAWR* during this period that had a strong opposition, and only the local media carried news on corruption in the local media about scandals that had emerged in prior years. Moreover, other alternative explanations simply cannot account for the observed variation, as there were no significant changes in the composition of the media or of on actual corruption level between the first four years and the last two of Lagos' presidency.

Recapping the Period: 2000-2006

As analyzed before, the variation between 2000 and 2006 is remarkable and follows the hypothesized direction in line with the changes in political dynamics during this period. The first four years had intense intra-government competition and a divided opposition that did not pose a strong threat, generating a high level of corruption scandals. Then, in the last two years the opposition seemed poised to win the upcoming presidential elections, which generated a decrease in internal disputes inside the government as an attempt to retain power. The consequence was that the level of corruption scandals decreased significantly. In all, the change in political dynamics explains the remarkable decline in corruption scandals, which went from forty-one weeks of coverage in *LAWR* in 2000-2004 to none in 2004-2006.

MICHELE BACHELET'S PRESIDENCY (2006-2010)

Bachelet's years in office provide another example of great variation in political dynamics resulting in a change in the hypothesized direction in the level of corruption scandals. High levels of internal competition characterized the first two years partly due to Bachelet's attempts to renovate the Concertación and due to low levels of opposition threat posed by an Alianza again in transition. Meanwhile, the last two years had far fewer quarrels within the government and a stronger opposition. In line with theoretical expectations, these changes in political dynamics produced important variation in levels of corruption scandals. During the first two years there were twenty-two weeks of coverage of scandals in *LAWR*, while the last two years had only four weeks of coverage.

The attempts to renovate the Concertación, naming young and rather inexperienced cabinet members, resulted in discontent among the leadership of the PS and the PDC. Moreover, holding presidential and congressional elections together resulted in the Concertación winning majorities in both chambers for the first time since the return of democracy. Therefore, intra-government competition was rampant throughout the first two years of Bachelet's administration, resulting in a number of corruption scandals that hurt the government and generated a few major overhauls of the cabinet, eventually bringing back the old guard. In the last two years, a more difficult situation after the clear Alianza victory in the 2008 municipal elections resulted in far less competition within the government coalition. As expected, there were far fewer incentives for insiders to generate corruption scandals in 2008-2010.

The opposition followed a similar path as during Lagos' presidency. After the somewhat surprising electoral defeat in 2005 that provided further evidence of the electoral problems of the opposition, UDI and RN continued to battle for control of the Alianza, posing few constraints on insiders. Then, as the government's image quickly deteriorated, the Alianza gained momentum heading towards the 2008 municipal elections. The positive results in this election in favor of the opposition once again increased the power of the Alianza, which posed a real threat to the Concertación.

The following sections provide evidence of how these dynamics help explain the great variation in the levels of corruption scandals during Bachelet's presidency. Moreover, the analysis of specific scandals and the path that led to them shows the role of

insiders in leaking information when facing low constraints and strong incentives to do so.

First Two Years: 2006-2008

Despite the pessimism heading tino the 2005 election (Siavelis 2005: 56), Bachelet was able to win the presidency in a clear second round victory over Piñera. Not only did the Concertación retain the presidency, but also it won majorities in both Congressional chambers. The constitutional reforms of the previous year had eliminated the appointed senators, but the change in scheduling of elections (presidential and congressional elections were simultaneous and there were no midterm elections) also created a situation where the Concertación could no longer provide the "insurance for losers" (Carey and Siavelis 2005) that had been key to entice good candidates to run in risky districts on congressional elections (Siavelis 2005). However, defeating both the Alianza as well as the pessimistic views of many, the Concertación now concentrated more institutional power than in the prior sixteen years.

In the first two years of her presidency, Bachelet attempted to shake the balance of the Concertación, leaving the old guard of the main parties out of the cabinet and of the decision-making process (Interview with Navia 2007). Her initial cabinet not only was composed of the same number of men and women, but also—and more importantly—it showed Bachelet's decision to renovate the Concertación, as most members were young and inexperienced (Interview with Boeninger 2007). These internal changes, together with the control of Congress, generated high levels of internal

competition among government insiders, which generated plenty of incentives to leak damaging information. Meanwhile, the opposition was in a difficult position, once again having lost the presidential election after looking like the front-runners in the years prior to 2005. Lavín's and UDI's power weakened with his defeat in the first round, and Piñera decidedly became the new leader of the opposition. This transitional period within the Alianza posed few constraints on government insiders to compete among themselves.

This combination of strong incentives and weak constraints on insiders generated high levels of corruption scandals. As before, the dominant strategy for insiders was to attempt to leap-frog and not to jump-ship, as the differences between coalitions made it very difficult to justify switching from one side to the other. Despite these differences, for the first time since the creation of the Concertación, some PDC politicians—notably Adolfo Zaldívar—left the coalition and unsuccessfully attempted to create a third electoral option. Three new scandals came about in this period (Publicam, Chiledeportes, and illegal campaign financing), which generated twenty-two weeks with coverage on corruption scandals in *LAWR*.

Second Two Years: 2008-2010

The corruption scandals in the first two years had an impact on the approval ratings of the government and the Concertación. Aside from the public opinion polls, this became evident in the 2008 municipal elections that handed the center-left coalition its first electoral defeat, only two years after awarding it with majorities in both chambers of congress. The Alianza outperformed the government coalition and achieved a historical

level of vote share. The grim outlook for the Concertación heading into the 2010 elections, together with an unfavorable global economic situation, put an end to conflicts within government. Of course, it was also important that Bachelet realized the difficulties in attempting to get rid of the old leadership of the Concertación and brought them back to her cabinet, keeping them appeased. In consequence, less intra-government competition posed fewer incentives for insiders, while a strong opposition created plenty of constraints.

The change in political configuration from 2006-2008 to 2008-2010 helps explain why Chile went from having high levels of corruption scandals to having remarkably lower levels. In fact, in these two years there were only three weeks of coverage in *LAWR*, going back to levels experienced during most of the nineties and during the last years of Lagos' presidency. However, the decrease in the level of corruption scandals and the growing popularity of Bachelet were not enough for the Concertación to win the 2010 presidential elections, which ended twenty years of center-left administrations in Chile. This outcome may have been avoided if Bachelet had succeeded in her attempts to renew the center-left coalition during the initial years of her time in office.

Recapping the Period: 2006-2010

Similar to what happened during Lagos' presidency, the variation between 2006-2008 and 2008-2010 was clear. In line with the theoretical expectations, intra-government competition and a weak opposition resulted in a period defined by many corruption scandals. Thereafter the decrease in intra-governmental conflict and an

increased level of opposition threat provoked a sharp decrease in the level of corruption scandals. In all, as before, the change in political dynamics resulted in a decrease in the level of corruption scandals, going from twenty-two weeks of coverage in *LAWR* in 2006-2008 to only three in 2008-2010.

CONCLUSION

As shown in this chapter, Chile has had its share of corruption scandals in the period under analysis, despite its widespread image as a relatively clean and upright political system. Similar to the Argentine case, the number and intensity of corruption scandals in Chile is far from stable, presenting great variation across time, even within presidencies. The empirical analysis in this chapter provides evidence of how changes in the dynamics of political competition help explain the variation in the level of corruption scandals in Chile from 1990 to 2010. Moreover, the in-depth study of specific instances in which corruption became public supports the arguments advanced in this dissertation by exemplifying the causal mechanisms that link political motivations and leaks of information coming from insiders. Smoking gun evidence of these links is difficult to come by, particularly while being respectful of the anonymity and confidentiality required by certain sources. However, this chapter shows that the variation follows the expected direction and provides, whenever possible, details on how corruption scandals emerged. Moreover, while levels of actual corruption or of press freedom remained fairly stable throughout the period, there was still great variation in corruption scandals, pointing to shortcomings in arguments that seek to explain the emergence of scandals as a

function of levels of corruption or of media actions. The opposition plays an important role in corruption scandals although in a counter-intuitive way. Instead of controlling government, a strong opposition results in increased cover-ups given the constraints it poses on government insiders to leak information on wrongdoings. As argued throughout this study, this chapter supports the notion of corruption scandals as political events, both in terms of their consequences as well as their causes.

The overall analysis of political configurations in Chile from 1990 to 2010 supports the arguments advanced in Chapter 2. Intra-government tensions resulted in periods with high levels of corruption scandals, particularly when coupled with a weak or divided opposition. Meanwhile, periods with less internal struggle within the Concertación and a stronger opposition (whether electorally or institutionally) resulted in periods with fewer corruption scandals. In general, the initial years of the transition to democracy had lower levels of competition within the Concertación, as the threat posed by the military and the continued presence of Pinochet united the government coalition and left little room for internal quarrels. Then, as democracy became consolidated and both the military and Pinochet lost their veto power on Chilean politics, there were periods with more conflicts within government, resulting in high levels of corruption scandals.

Given the ideological composition of the Chilean political system, where the establishment of the binomial system resulted in two political coalitions that are clearly different from one another, there are very few instances of politicians deciding to switch from one coalition to the other. Therefore, most of the corruption scandals under analysis

resulted from insiders choosing to follow a leap-frogging strategy, rather than attempting to jump-ship. Although this was also the prevalent tendency in Argentinean politics, the phenomenon is even more pronounced in Chile. The stability of the Chilean party system, which basically has remained unaltered since the democratic transition, also reinforces this pattern. During the period under analysis there are no new parties emerging, and in fact there is a gradual weakening of smaller parties as they get absorbed by larger parties, at least partially thanks to the electoral incentives set by the binomial system.

In this sense, the Chilean case is particularly interesting in terms of the impact of institutions—such as the electoral system—on the dynamics of political competition. The specific timing of corruption scandals was affected not only by the cycle of elections, but also by how each coalition negotiated the nominations internally. Whether candidacies where defined through elite negotiations, as was the case in a number of instances, or through primaries, most corruption scandals emerged when nominations were being decided. Then, the last few months prior to elections were generally scandal-free, as expected by the arguments advanced in Chapter 2. As was the case in Argentina, this empirical pattern reinforces the notion that internal struggles, which are stronger when deciding nominations, are key in generating corruption scandals. Moreover, the evidence of the Chilean case shows how the procedures to decide nominations can have unexpected effects on political competition. For instance, it can be said that despite going against general wisdom (Engel and Navia 2006: 140), Bachelet's nomination in 2005, achieved through negotiations without primaries, helped curb conflict and competition

within the Concertación, resulting in fewer corruption scandals during those last years of the Lagos presidency.

In all, Chile provides an interesting case to assess the theoretical propositions of this study. On the one hand, the analysis of a case with lower levels of actual corruption allows for a thorough assessment of the arguments advanced, as the analysis shows that the hypothesized causal mechanisms hold regardless of the level of actual corruption. On the other hand, the specific characteristics of the Chilean political system provide remarkably different dynamics of political competition through time, which in turm help explain the variation in corruption scandals. In all, the analysis of Chile supports the general argument of this study and is necessary in order to approach a fuller understanding of the emergence of corruption scandals.

CHAPTER 6: CONCLUSION

Corruption scandals have become an important aspect of politics during the last twenty years in Latin America and other regions. As shown in this study Chile and Argentina are no exception. Corruption scandals have had deep political consequences that range from presidential impeachment processes to the indictment of high-level political figures and overall declines in public support for political parties and leaders. Yet, until now, the question about why and how corruption scandals come to light has received only partial answers. This study proposes a political explanation for the emergence of corruption scandals that highlights the role of government insiders in triggering these events. It also provides empirical evidence based on original qualitative and quantitative data that supports the hypotheses advanced. Moreover, the analysis contained in prior chapters suggests that other actors such as the opposition, watchdog journalists, and horizontal control agencies are not decisive for the eruption of corruption scandals, although they do play an important role in magnifying their impact.

As its single most important finding this study show that political competition within parties or coalitions in power leads to the emergence of corruption scandals. Chapter 2 disentangles the temporal process of scandals into four stages and proposes a formalized political explanation about their emergence that distinguishes two different strategies that may lead to corruption scandals. Chapter 3 analyzes quantitative data based on an original database on corruption scandals collected specifically for this study. Chapters 4 and 5 present in-depth country case studies of Argentina and Chile, looking at

a number of specific corruption scandals in order to see the causal mechanisms in motion, tracing the process that leads from intra-governmental political struggles to national level corruption scandals.

This concluding chapter brings together insights gained from the analysis presented in previous chapters. The first section develops the key findings of this study regarding the political origins of corruption scandals, allowing for an improved interpretation of these phenomena and their relevance. The second analyzes the dynamics of political competition both within parties or coalitions as well as between the government and the opposition, addressing the impact that institutional rules and arrangements have over competition, and therefore over the pervasiveness of corruption scandals. The following section develops the insights gained on the role of the media, civil society, and accountability mechanisms. Generally perceived as key actors in the emergence of corruption scandals, this study shows that their impact is limited and that corruption scandals are more about the strategic calculation of insiders playing a political game than about the moral concerns of civil society or investigative journalists. The following section addresses the connection between corruption and corruption scandals and draws out the implications of this study in terms of measuring corruption and designing anti-corruption policies. Then, the chapter looks at the generalizability of the findings, both in terms of other countries and regions, as well as in terms of other types of scandals. Finally, the last section outlines remaining tasks for future research and makes a few final remarks.

ON THE POLITICAL ORIGINS OF CORRUPTION SCANDALS

The core finding of this study is that corruption scandals are triggered by the dynamics of political competition. Government insiders have both privileged access to confidential information as well as credibility as sources to denounce wrongdoings, which puts them in a unique position to generate corruption scandals. But why would these insiders unveil wrongdoings that may hurt their own government? As argued extensively in this study, insiders face both incentives and constraints to leak damaging information. Their incentives are based on intra-government competition: individual members or factions of government compete with each other for power, resources, and in some cases policy direction. Leaking information on transgressions by other insiders is a tool used to gain leverage while jockeying for position. Meanwhile, their constraints are based on the level of inter-party competition between government and the opposition: when an insider leaks information that generates a scandal, he or she is likely to weaken the credibility and popularity of the government overall, and not just of those involved in the specific corruption scandal. When there is a strong opposition that poses an electoral threat, the leak of information by an insider may be too costly. Therefore, a strong opposition poses constraints on insiders tempted to leak information.

As argued in Chapter 2, there are two strategies (the equilibria in the formal model) that may lead to an insider choosing to trigger a scandal. The first one is to attempt to gain greater power within the government coalition by hurting political allies, selectively leaking information on wrongdoings by members of another faction of the coalition as an attempt to leap-frog. The second one is to exit or jump-ship from the

government coalition, while justifying this decision by attempting to hurt the government's reputation by involving it in a corruption scandal. It is important to point out that each of these strategies generally results in scandals with different characteristics and consequences.

On the one hand, in leap-frogging scandals the insider who leaks information usually tries to stay anonymous, since she remains inside the government coalition. In many cases those accused of corruption respond to the scandal by making counter-allegations directed towards the insiders who they suspect—or know—leaked the initial information. Therefore, leap-frogging scandals are likely to generate chains of scandals as a result of multiple counter-allegations. Moreover, since the informant intends to hurt certain actors or factions within government without causing important negative consequences for the government coalition as a whole, the scandals that result from leap-frogging strategies are generally short-lived or of relatively low impact. On the other hand, in ship-jumping scandals the insider who leaks the information leaves the government coalition and generally uses the denunciation as a way to justify and call attention to her departure. Therefore, this strategy may generate one or two counter-allegations but not more, as the dispute becomes one between government coalition and an actor who quickly becomes part of the opposition. Also, these scandals tend to be important and long-lived, as those who pull the trigger and denounce have every incentive to remain in the public eye. In short, the distinction between the two strategies that may result in insiders generating corruption scandals is relevant not only in order to disentangle the motives that lead to specific corruption scandals, but also as a way to

differentiate among different types of scandals and to evaluate their consequences and political impact.

The evidence presented in this study in support of these arguments shows that political actors play a competitive game within the government coalition, which is nested in a larger competitive game between the government and the opposition. The behavior of insiders depends on the parameters of these competitive games: the relative position of the government coalition and the opposition, and their level of internal fragmentation. Not only do corruption scandals have political consequences, but they also are the outcome of a political game, and as such, their causes are also political. In all, this study provides a political interpretation of corruption scandals that highlights the importance of the rational calculations of political insiders given their perceptions of the relative power of the factions inside the government coalition as well as the balance of power between the government coalition and the opposition. As such, the argument presented and developed in this dissertation can be characterized as a rational choice or strategic argument insofar as it stresses political self-interest as the trigger of corruption scandal rather than the normative concerns that underlie arguments that highlight the role of civil society or investigative journalism.

SCANDAL EVOLUTION AND VARIATION.

In terms of their evolution through time, corruption scandals are better understood as dynamic processes composed of a few stages that punctuate their development. Different elements become prevalent in each stage: while the media and control

mechanisms can affect the scandal in later stages, political competition within government and between the government coalition and the opposition is key in order to understand and explain the inception of corruption scandals.

Disentangling the evolution of corruption scandals into stages helps explain why corruption scandals many times have unintended consequences. As corruption scandals evolve through time and as different actors and structural elements become important in different stages, the initial intent of the insiders that trigger the scandal may or may not materialize. Insiders may believe that by leaking information on wrongdoings they may improve their position within government, but the level of attention of the media and the response by other political actors can generate consequences that were not expected by the insider who triggered the scandal. Therefore, many times corruption scandals have unforeseen and unintended consequences, which depend upon a multiplicity of elements that are beyond the control of the insider who decides to trigger the corruption scandal.

Moreover, understanding scandals as a dynamic process also highlights the importance of distinguishing between corruption and scandals. There is necessarily a lag of time between an alleged transgression and a corruption scandal. If this lag were to be constant across corruption scandals (having, for instance, a normal distribution), one would think that there is a natural process that leads from corrupt acts to corruption scandals. However, as shown in Chapter 3, the time lag in the cases under analysis is completely random, ranging from a few days to five years. Therefore, corruption does not automatically lead to a scandal; rather, it requires a catalyst that—according to this study—can often be provided by a political insider. As was pointed out previously, there

are always events that if triggered can generate a scandal, and the timing of corruption scandals is ultimately explained by the variation in competitive dynamics.

Although corruption scandals usually share a similar basic structure in terms of their development through time, the analysis also shows that there are important differences in terms of what events can generate corruption scandals in different contexts. For starters, there appears to be different thresholds of tolerance for what becomes a corruption scandal across time and space. Arguably, this variation mirrors the different standards that exist for what is considered corruption in different places and at different times, as analyzed by Johnston (2006). For instance, as seen in Chapter 5, in Chile there were corruption scandals based on events that would hardly generate any public attention in other countries in the region. This insight suggests that the perceived pervasiveness of corruption has an effect on what different societies consider to be outrageous and deserving of a "strong public reaction" (Balán 2011). Moreover, in contexts where corruption scandals are emerging frequently, civil society may become desensitized to news on corruption. Therefore, the social demand for corruption scandals may dwindle as the scandal "consumers" in society experience fatigue and stop reacting to new revelations. As a consequence, corruption scandals stop having the impact they had and become less useful as weapons in the political arena. In short, not only are there different thresholds across countries for what may become a corruption scandal, but also these thresholds may vary through time. The likelihood of corruption scandals taking place at any point in time is affected, among other things, by whether there was a corruption

scandal in the preceding period. These insights help explain why chains of corruption scandals tend to eventually die down after relatively short periods of time.

ON POLITICAL COMPETITION AND INSTITUTIONS

The arguments advanced and the evidence collected highlight the importance of political competition—particularly within the government party or coalition—in the emergence of corruption scandals. In short, high levels of intra-government competition are likely to result in higher levels of corruption scandals, as insiders have more incentives to leak damaging information. Meanwhile, the relative power of the opposition acts as a constraint, as corruption scandals may hurt the government and help its competition.

As seen throughout the study, the levels of competition both inside government as well as at the party system level vary through time. The changes in political dynamics result from a number of elements that many times are country specific (such as the electoral system, political culture, etc). However, one factor that affects political competition in all cases under study is the timing of nominations and elections. Basically, the electoral cycle determines that when nominations are being decided competition is higher within parties or electoral coalitions, as actors jockey for internal position. Then, after nominations are set, competition within parties or coalitions diminishes as they close ranks in order to improve their chances in their competition with other parties or coalitions. Accordingly, as expected by my hypotheses, corruption scandals are more likely to emerge when nominations are being decided—which usually happens a few

months before elections—and not right before general elections. As a result, one should expect to see corruption scandals coming to light until right before the election. In all, it can be concluded that competitive dynamics—and hence the timing of corruption scandals—is affected not only by the electoral system but also by the rules guiding the nomination process within parties or electoral coalitions. This conclusion is consistent with approaches that emphasize the significance of institutional variables on political competition, such as Cox (1997).

Role of the Opposition

The finding that the opposition poses constraints on insiders and thus makes corruption scandals less likely provides a counterintuitive insight regarding the role of the opposition. In general, many authors, such as Dahl (1966: 348–386), associate a strong opposition with higher levels of accountability, which would lead to more corruption scandals. This connection between a powerful opposition and high levels of corruption scandals is even made explicit by other authors (Ginsberg and Shefter 1990; Davis et al. 2004). However, this study shows that the strength of the opposition actually leads to a cover-up of corruption, paradoxically hindering its coming to light.

Contrary to common wisdom, the opposition provides neither a guarantee for government control nor a reliable check on government wrongdoings. Rather, a powerful opposition leads to lower levels of disclosure and of corruption scandals, as it poses constraints on government insiders. Certainly, however, if and when a corruption scandal emerges, the opposition is likely to attempt to seize upon the issue and amplify it in order

to benefit from the reputational costs that the scandal generates for the government. However, as the role of the opposition as potential amplifier is reactive and happens at a later stage in the progress of scandals, it is safe to conclude that the opposition is not behind the emergence of corruption scandals.

Impact of Institutions

The competitive games among insiders and between government and the opposition take place in a context set up by institutional rules. In this sense, the electoral system shapes both the structure of competition as well as its variation through time. For instance, Chile's binomial system harnessed a multiparty system into two broad coalitions. The smaller parties that were left out gradually lost relevance, eventually losing vote share to the larger coalitions. This two-coalition system characterized the period under analysis and established a three-level competitive dynamic (within party, within coalition, and between coalitions) where conflict and competition appeared at each one of the levels. Also, the effects of the binomial system on competition—described in Chapter 5—produced counterintuitive results, as more parity translated into less inter-coalition competition in the congressional elections given the difficulties in translating vote share advantages into increased representation.

The case of Argentina, characterized by a multiparty system usually dominated by Peronism, shows an example of institutions not being able to channel political conflict, particularly within parties or coalitions. The result, as analyzed in Chapter 4, has been generally high levels of corruption scandals throughout the period. Moreover, federalism

adds a level of complexity for both intra-government as well as inter-party competition. On the one hand, intra-party or coalition competition becomes decentralized and political parties have to come up with ways to establish local as well as national nominees. On the other hand, parties or coalitions not only compete with one another at the national or local level, but also at the provincial level, having to address local and in many cases regional issues.

In all, we can see that institutions and organization matter, as they shape how politicians, factions, and parties struggle for power and resources. Many times, the focus of the literature on political parties is set primarily on institutionalization at the party system level (Mainwaring 1999). The questions and insights put forth by this study highlight the importance of the institutionalization of competition within parties and coalitions and reinforce the need for further theoretical and empirical studies addressing this issue. This element is included in some measures of party system institutionalization, but the relevance of intra-party dynamics suggests the need for a more extensive focus and theoretical development.

Rethinking Competition

Competition is a concept borrowed from economics, where the sense of competitiveness is fairly clear-cut: levels of competition increase linearly with parity. In other words, the more equal in power and size two competitors are, the higher the level of competition between them. However, when it comes to politics, the concept of competition requires more nuances, as it is affected not only by the relative size or power

of the parties or actors, but also by their ideological and sometimes personal differences. Furthermore, political competition does not happen in the abstract, but rather in terms of achieving a certain goal, which can be a post, a policy preference, or something less concrete. The complexity of political competition—particularly within parties or coalitions—explains the difficulties in its measurement and the multiple approaches advanced by this study in assessing its level across time.

The research carried out for this project was designed to triangulate sources of data and search for different indicators of political competition. One of the interesting discoveries in the process of analyzing intra-government dynamics was that levels of competition not only change through time, but also that negotiations and struggles take place in different realms (i.e. Congress, cabinet, party conventions, etc.). Hence, in some periods competition is easier to observe in the cabinet, as the number and importance of cabinet posts represents the power of different factions or parties (for instance in Menem's and Frei's administrations). In other cases, competition is visible in Congress when the distribution of seats and the voting behavior of legislators—analyzed through roll call data—represent the distribution of power among factions or parties (for instance in de la Rúa's and Bachelet's administrations). Yet in other cases, competition within government happens behind closed doors where it becomes particularly difficult to observe (Kirchner's and Lagos' terms). This variation explains the difficulties in assessing levels of competition and the need to explore multiple sources in order to provide a complete picture that at least partially overcomes the complexities of studying and assessing political competition.

ON THE ROLE OF THE MEDIA, CIVIL SOCIETY, AND CONTROL AGENCIES

The media and civil society play a major role in corruption scandals. As Thompson (2000: 31-32) pointed out, all scandals are media scandals in the sense that they involve mediated forms of communication. For scandals to take place, information on certain events—in this case an alleged act of corruption—must become available to a larger group of outsiders that constitutes an audience. Mass media serves exactly the purpose of spreading information and helps set the agenda of public discussion to the point that in current societies it is almost unimaginable for a scandal to take place without the media. This link between media and scandals has resulted in the analysis of corruption scandals as events that are created and that live in the media (Waisbord 2000). This interpretation minimizes the importance of the sources of information and their motivations, which are key in activating the media reaction to spread news. As pointed out throughout this study, the trigger of corruption scandals takes place at the political level, and the media are reactive in the sense that it depends on insiders to get information. In short, the media matter and they are a necessary actor in the unfolding of corruption scandals, but only at a later stage: the media help amplify—and potentially turn down the volume—of scandals that are triggered by political competition.

In many democracies, and certainly in the cases under analysis, there is a competitive media market. The existence of a number of potential media outlets that compete for public attention ensures that most attention-grabbing news (as corruption scandals certainly are) will receive some attention by the media, provided there is a minimum threshold of media independence that is necessary for democracy. All this said,

investigative journalists face a difficult situation in Argentina and Chile, as well as in the rest of Latin America (Waisbord 2000). Funding for in-depth pieces on complicated issues is suboptimal (Interview with Verbitsky 2007; Interview with Santoro 2006; Interview with Abiad 2006; Interview with Cortés Terzi 2007; Interview with O'Donnell 2006), and the legal regulation of access to information is still lacking. Therefore, the dependence on sources willing to leak information in order to generate exposés is even more profound than it would be if investigative journalism had better resources. Aside from the media, the effect a scandal generates in the public is absolutely crucial for it to be considered as such. Societies have to care about these issues for news on corruption to become a scandal, constituting another necessary condition for corruption scandals.

The costs of corruption for democracy have generated growing attention to the issue by policy makers. As a result, in the last twenty years a number of control agencies and accountability mechanisms emerged at different levels of government in most of Latin America and elsewhere. These agencies were created in order to provide tools that could eventually help curb corruption, both through the investigation of denunciations as well as through the design of preventive measures. Moreover, increased interest and reforms of the judiciary were also supposed to act as checks on official corruption by holding those guilty of misdeeds accountable for their actions. Aside from initiatives from the state, civil society has also paid growing attention to corruption, as demonstrated by the creation and expansion of NGO's dedicated to transparency and anti-corruption issues, both at the national and local levels as well as in the international scene (Transparency International, and specialized offices in the World Bank and

International Development Bank). All these fairly recent developments have been linked by some authors to increasing levels of corruption scandals in Latin America and beyond (Jarquin and Carrillo-Flores 2000). The assumption is that control mechanisms, the judiciary, and civil society organizations uncover acts of corruption that in the past were successfully held secret. Therefore, the argument is that the creation and expansion of all these initiatives has generated growing levels of corruption scandals both in Latin America as well as elsewhere.

However, as this study demonstrates, these claims are not entirely supported by empirical evidence, which shows that the levels of corruption scandals do not follow the development of control agencies and anti-corruption NGO's. In fact, none of these actors generate corruption scandals autonomously. Rather, they react to external stimuli, which usually come in the form of denunciations, and then either investigate or call attention to the news on the alleged wrongdoing. Anti-corruption agencies, the judiciary, and civil society organizations only become active in later stages of corruption scandals, spreading the news and acting as amplifiers of corruption scandals that usually have their origins in political struggles. Of course, these elements may have an impact on the calculation of the insider when triggering a scandal, as the existence of these amplifiers may provide further reassurance of the attention the denunciation will receive.

ON CORRUPTION, ANTI-CORRUPTION POLICIES, AND CORRUPTION SCANDALS

Corruption scandals provide windows of opportunity through which "the inner workings of a political system are suddenly made visible to those outside the tiny circle

of privileged insiders" (Bornstein 1994: 271). This statement is true both in terms of the political struggles among insiders as well as in terms of the common practices of corruption in government. Corruption scandals are corruption made visible; in fact most of what we know about corruption comes from those instances when it becomes public, usually in the form of a scandal. Most times the design of anti-corruption policies tends to follow corruption scandals, attempting to combat practices that become visible only after misdeeds are exposed.

However, an insight of this study that is rarely if ever noted by policy makers is that since the transformation from corruption to corruption scandal is far from automatic, the emergence of corruption scandals provides only partial, and arguably selective, information about corruption. There may be a lot more than what we are able to see, not only in terms of actual levels of corruption, but also in terms of the complexity of schemes. A cursory look at corruption scandals in Latin America and elsewhere shows remarkably low variation in terms of the schemes that become scandals. We are accustomed to see bribery, kickbacks, some conflicts of interest, nepotism and favoritism, "creative" accounting, and some other basic examples of corrupt acts. Yet, the reality may well be that these types of corruption are simply more likely to become scandalous, both because of the simplicity of these schemes (they can be easily understood and "consumed" by the public) and because they necessarily involve more than a single actor, therefore giving insiders access to information about the wrongdoings. In short, although scandals are in some ways precious moments that provide important information, there may be much more than what meets the eye when it comes to corruption. For instance,

the—apparently unlawful—enrichment of certain political figures, such as Néstor Kirchner and Cristina Férnandez de Kirchner in Argentina, may raise some eyebrows, but it is rarely connected to specific instances of corruption scandals. Such enrichment is most likely related to some types of wrongdoings that remain in the dark.

Moreover, the selective information that corruption scandals provide on corruption also related to the ways corruption is usually measured. Given the difficulties in assessing corruption, which inherently intends to be kept secret, most measures rely on perceptions, either of the broader population, business, or of some set of country experts. Those in charge of designing these instruments have made methodological efforts to isolate these measures from current events (Kaufmann et al. 2007). Aside from the multiple existing criticisms of these measures (Galtung 2006; Sik 2002), it may also be that the relative prevalence of corruption scandals in some countries conditions whether a country is considered corrupt. The emergence of corruption scandals has an impact on the perception of both public opinion and experts; more exposés generate the impression that there is more corruption going on. In this sense, the measures of corruption based on perceptions may in fact be contaminated by the pervasiveness of corruption scandals. This caveat questions the reliability of these measures, as corruption scandals may not be correlated with actual levels of corruption.

In terms of public policy, the increasing level of corruption scandals in the last few decades has brought more policy attention to the issue of corruption. Nowadays there is a well-established anti-corruption policy agenda that is promoted by a number of international organizations and adopted, to some extent, by the legal frameworks of many

countries. These initiatives usually have the general objective of increasing the visibility of corruption, using the threat of publicity as a deterrent for corrupt behavior. The rationale behind this approach is that since politicians depend upon public support, the exposure of corrupt acts can hurt their reputation and have negative consequences for their careers. Therefore, the focus is on increasing transparency as a way of ensuring that if wrongdoings take place, they will become known. This objective is usually addressed by creating "one size fits all" control agencies and by promoting freedom of information bills. In theory, the creation of control agencies was expected to produce more corruption scandals in the short run, as previously kept secret wrongdoings would now be revealed thanks to the actions of these control mechanisms. In the long run, the expectation is that agencies would reduce overall levels of corruption, as potential wrongdoers would be deterred from being corrupt since they would likely be caught. However, these expectations do not take into account that most control agencies are reactive, requiring an external denunciation in order to begin their investigations. Hence, as this study shows, these agencies—although useful as amplifying tools that provide more information on official wrongdoings—do not uncover corruption.

The findings presented in this study suggest that the anti-corruption agenda should take into account how corruption scandals come to light due to political reasons. Therefore, a better way to detect corruption may be to promote the protection of whistle blowers. This policy initiative would lower the costs for leaks of information to occur, and even more importantly, it would at least partially de-politicize these incentives. Paradoxically, whistle blowing protection—although usually discussed among other

policy ideas—is rarely adopted; and in the rare instances in which it is adopted, its implementation goes widely unfunded (Pontaquarto 2005).

Furthermore, this study shows that in most cases the trial of public opinion simply is not enough. It is usually the case that politicians who are involved in corruption scandals can follow their careers without any long-lasting consequences. Both high profile politicians as well as lower level figures most times manage to survive corruption scandals virtually unscathed (Manzetti and Wilson 2007). This general trend suggests that reputational costs are not enough, and that there should be other deterrents for corrupt behavior. It may be time to enhance the judicial response to corruption as a way to tackle this difficult issue, which would undoubtedly require higher levels of commitment to the fight against corruption on the part of public officials, both in terms of resources as well as in terms of political capital.

ON GENERALIZABILITY: OTHER CONTEXTS

Corruption scandals are ubiquitous: they happen both in developing as well as in developed countries. They certainly take place in Argentina and Chile, two countries that in spite of sharing similar cultural backgrounds also have different levels of actual corruption and important differences in terms of their political structure. Corruption scandals are also common in Brazil and in Mexico (Lawson 2002; Morris 2010), as well as elsewhere in Latin America (Morris and Blake 2009; 2010). But corruption scandals also occur in the US (Nyhan 2009), Canada, and in many European countries (Della Porta and Vanucci 1999; Della Porta 2004). Both the analytical framework of this dissertation

as well as its basic argument can be applied to other contexts. In fact, there is some evidence that similar dynamics to the ones discussed here are at play also in Brazil (Pereira et al. 2008), Mexico (Morris 2009), Spain (Jiménez Sanchez 2004), and Germany (Esser and Hartung 2004). For instance, the role of Roberto Jefferson in the emergence of the Mensalão scandal in Brazil shows how a broad and ideologically incoherent government coalition may generate infighting that eventually results in insiders denouncing acts of corruption that take place within government. Moreover, the wide array of corruption scandals that emerged in the early 1990s in Mexico comes to demonstrate the effects of growing competition among internal factions within a dominant party—PRI—that faces a fairly weak opposition.

Of course, further systematic research is needed in order to empirically assess the arguments advanced in other environments. However, although the specific findings may differ, the general point seems to be valid: corruption scandals are political events from their inception to their consequences. In this sense at least, the hypotheses advanced and especially the framework proposed are generalizable to other contexts. However, given the conditions deemed essential for this political game to take place, the applicability of this study to non-democratic systems is limited and requires a few caveats. There certainly is corruption in semi-democratic and even non-democratic societies (Chang and Golden 2006a). Moreover, there is often a good deal of factional competition within most authoritarian and totalitarian regimes, and there is, by definition, no opposition. According to the thesis presented in this study, corruption scandals should be rife. However, corruption scandals in authoritarian and totalitarian regimes operate differently

than in democracies. On the one hand, media control by the autocrat may not turn public certain news on corruption. Still, these scandals may be at play for an internal audience. On the other hand, in these regimes the autocrat may use the threat of denouncing corruption as a control instrument in order to keep insiders toeing the line. Some authors have suggested that this was the way in which corruption was used in Mexico under the PRI during many years (Smith 1979). In short, the dynamics that produce corruption scandals in these regimes are governed by a context where political competition is limited and operates in a different environment; where, for instance, the press is not free. Therefore, the framework of this study is less useful for these particular cases.

FUTURE RESEARCH AND FINAL REMARKS

The research carried out in order to develop and evaluate the arguments of this dissertation generated questions and reflections for future research to address and study in depth. This section addresses a number of questions that emerge from different aspects of the research carried out for this project and from its findings.

Although in Argentina and Chile there is a wide consensus that a minimum threshold of media independence exists, as pointed out earlier in this chapter, the relative inclination of specific media outlets to publish news on scandals may very well vary through time. Future research should address potential changes in media attention to corruption scandals, exploring not only the sympathies or uneasiness of some newspapers and the government, but also the more sensitive issue of media ownership and its financial or sometimes political interests. In this line of research, Di Tella and

Franceschelli (2009) provide an interesting study that addresses the connection between government advertising and media coverage of corruption scandals in Argentina. In the future these issues should become of increasing interest to scholars studying the connections between media and politics. A related issue area that should be addressed concerns the media aspect of political campaign financing. In all cases, these are complicated and sensitive agendas for research, but as this study has shown, there are multiple ways of addressing topics that are difficult to observe and assess.

Another topic for future research relates to the political consequences of corruption scandals in terms of electoral costs. As more data become available about scandals, it is becoming possible to assess the impact of corruption scandals on politicians implicated in scandals. Do politicians survive unscathed or do they pay electoral costs for their wrongdoings? What is the magnitude of the political effects of corruption scandals? Researchers should tackle these questions in the near future, both in Latin America and beyond. An interesting example of this research agenda is Pereira et al. (2010), which addresses this question in the context of Brazilian politics. Moreover, it would be interesting to explore whether there have been attitudinal changes both in the population as well as among politicians with respect to the relevance and seriousness of corruption and corruption scandals. In other words, do corruption and corruption scandals produce audience fatigue in the midium and long term just as they do in the short term? Are all the corruption scandals that emerged in the last few decades changing our perceptions of what is acceptable or outrageous behavior? Will new generations of politicians that already grew up in the era of scandal be any different from old

generations when it comes to issues of probity in public office? Also, what are the effects of the array of anti-corruption policies being implemented on the likelihood and potential impact of corruption scandals? All these empirical questions will eventually require answers in order to deepen our understanding of corruption scandals and their significance in democratic politics.

This study also sheds light on the importance of political competition within parties and coalitions and its connection to competition at the party system level. As the theory presented in Chapter 2 argues and the evidence in Chapters 3, 4, and 5 shows, there is a connection between the two levels of competition. In both cases, but particularly in Chile, there seems to be a pattern where the higher the level of opposition threat, the less conflict there appears to be inside government. Conversely, it is when the opposition is weak that the government coalition shows high levels of internal competition. This connection and interplay requires further theoretical and empirical analysis, as it can have important consequences for the dynamics of politics in general, and nominations and elections in particular.

All these questions were not fully addressed by this dissertation, which had the main goal of providing a political interpretation of corruption scandals. This study shows that corruption scandals are political events, which not only have political consequences, as demonstrated by previous research (Pérez-Liñán 2007; Hochstetler 2006), but that also have political causes. Therefore, one of the main contributions of this study is to bring the analysis of corruption scandals both as an independent as well as a dependent variable squarely into the realm of political science and in particular of comparative politics.

Moreover, this study highlights the importance of focusing on political elites, as it is at the elite level that much of the political action and decisions take place, even in democratic societies. Lastly, in terms of democracy and its apparent tendency to generate corruption scandals, the findings presented suggest that the reason why we see higher levels of corruption scandal emerging in democratic systems may not be because of increased levels of corruption, but rather because scandals emerge from political competition, which is intrinsic to democratic systems.

APPENDIX

Table A.1. Cabinets in Argentina

Presidency	Year	Weeks w/change	Finance	Interior	Foreign Affairs	Defense	Education	Labor	Health and Environment	Public Works	Justice	Chief of Cabinet	Health	General Secretary
Menem I	1989	26	Miguel Roig	Eduardo Bauzá	Domingo Cavallo	Italo Luder	Francisco Salonia	Alberto Triaca	Julio Corzo	Roberto Dromi	Francisco Saloniа			Eduardo Bauzá
Menem I	1989	28	Nestor Rapaelli	Bauzá	Cavallo	Luder	Salonia	Triaca	Corzo	Dromi	Saloniа			Bauzá
Menem I	1989	30	Rapaelli	Bauzá	Cavallo	Luder	Salonia	Triaca	Erman González	Dromi	Saloniа			Bauzá
Menem I	1989	49	Erman González	Julio Mera Figueroa	Cavallo	Humberto Romero	Salonia	Triaca	Eduardo Bauza	Dromi	Saloniа			Bauzá
Menem I	1991	2	E. González	Mera Figueroa	Cavallo	Guido di Tella	Salonia	Rodolfo Díaz	Avelino Porto	Dromi	Saloniа			Alberto Kohan
Menem I	1991	4	Domingo Cavallo	Mera Figueroa	Guido Di Tella	E. González	Salonia	Díaz	Porto		Saloniа			Kohan
Menem I	1991	14	Cavallo	Mera Figueroa	Di Tella	E. González	Salonia	Díaz	Porto		Leon Arslanian			Kohan
Menem I	1991	31	Cavallo	José Luis Manzano	Di Tella	E. González	Salonia	Díaz	Porto		Arslanian			Kohan
Menem I	1991	49	Cavallo	Manzano	Di Tella	E. González	Salonia	Díaz	Julio César Aráoz		Arslanian			Kohan
Menem I	1992	47	Cavallo	Gustavo Béliz	Di Tella	E. González	Jorge Rodríguez	Enrique Rodríguez			Jorge Maiorano			Kohan
Menem I	1993	11	Cavallo	Béliz	Di Tella	Oscar Camilión	J. Rodríguez	E. Rodríguez			Maiorano			Kohan
Menem I	1993	32	Cavallo	Carlos Ruckauf	Di Tella	Camilión	J. Rodríguez	E. Rodríguez			Maiorano			Kohan

Menem I	1993	50	Cavallo	Ruckauf	Di Tella	Camilión	J. Rodríguez	José Caro Figueroa			Maiorano			Kohan
Menem I	1994	22	Cavallo	Ruckauf	Di Tella	Camilión	J. Rodríguez	Caro Figueroa			Rodolfo Barra			Kohan
Menem I	1995	2	Cavallo	Corach	Di Tella	Camilión	J. Rodríguez	Caro Figueroa			Barra			Kohan
Presidency	**Year**	**Week**	**Finance**	**Interior**	**Foreign Affairs**	**Defense**	**Education**	**Labor**	**Health and Environment**	**Public Works**	**Justice**	**Chief of Cabinet**	**Health**	**General Secretary**
Menem II	1995	26	Domingo Cavallo	Carlos Corach	Guido Di Tella	Oscar Camilión	Jorge Rodríguez	José Caro Figueroa			Rodolfo Barra	Eduardo Bauzá		Alberto Kohan
Menem II	1996	15	Cavallo	Corach	Di Tella	Camilión	Susana Decibe	Caro Figueroa			Barra	Bauzá		Kohan
Menem II	1996	21	Cavallo	Corach	Di Tella	Camilión	Decibe	Caro Figueroa			Barra	Jorge Rodríguez		Kohan
Menem II	1996	26	Cavallo	Corach	Di Tella	Camilión	Decibe	Caro Figueroa			Elías Jassán	J. Rodríguez		Kohan
Menem II	1996	29	Roque Fernández	Corach	Di Tella	Jorge Domínguez	Decibe	Caro Figueroa			Jassán	J. Rodríguez		Kohan
Menem II	1997	25	R. Fernández	Corach	Di Tella	Domínguez	Decibe	Caro Figueroa			Raúl Granillo Ocampo	J. Rodríguez		Kohan
Menem II	1997	49	R. Fernández	Corach	Di Tella	Domínguez	Decibe	Erman Gonzalez			Granillo Ocampo	J. Rodríguez		Kohan
Menem II	1999	18	R. Fernández	Corach	Di Tella	Domínguez	Manuel García Solá	E. Gonzalez			Granillo Ocampo	J. Rodríguez		Kohan
Menem II	1999	20	R. Fernández	Corach	Di Tella	Domínguez	García Solá	José Alberto Uriburu			Granillo Ocampo	J. Rodríguez		Kohan
Presidency	**Year**	**Week**	**Finance**	**Interior**	**Foreign Affairs**	**Defense**	**Education**	**Labor**	**Social Development**	**Infrastructure and housing**	**Justice**	**Chief of Cabinet**	**Health**	**General Secretary**

de la Rua	1999	48	José Luis Machinea	Federico Storani	Adalberto Rodríguez Giavarini	Ricardo López Murphy	Juan José Llach	Alberto Flamariique	Graciela Fernández Meijide	Nicolás Gallo	Ricardo Gil Lavedra	Rodolfo Terragno	Héctor Lombardo	Jorge de la Rúa
de la Rua	2000	39	Machinea	Storani	Rodríguez Giavarini	López Murphy	Hugo Juri	Patricia Bullrich	Fernández Meijide	José Luis Machinea	Jorge de la Rúa	Chrystian Colombo	Lombardo	Alberto Flamarique
de la Rua	2001	9	Ricardo López Murphy	Storani	Rodríguez Giavarini	Horacio Jaunarena	Juri	Bullrich	Marcos Makón	Ricardo López Murphy	J. de la Rúa	Colombo	Lombardo	Carlos Becerra
de la Rua	2001	11	Domingo Cavallo	Ramón Mestre	Rodríguez Giavarini	Jaunarena	Andrés Delich	Bullrich	Juan Pablo Cafiero	Carlos Bastos	J. de la Rúa	Colombo	Lombardo	Nicolás Gallo
de la Rua	2001	42	Cavallo	Mestre	Rodríguez Giavarini	Jaunarena	Delich	José Gabriel Dumón	Daniel Sartor	Bastos	J. de la Rúa	Colombo	Lombardo	Gallo
Presidency	**Year**	**Week**	**Finance**	**Interior**	**Foreign Affairs**	**Defense**	**Education**	**Labor**	**Social Development**	**Production**	**Justice**	**Chief of Cabinet**	**Health**	**General Secretary**
Duhalde	2001	50	Remes Lenicov	Rodolfo Gabrielli	Carlos Ruckauf	José Jaunarena	Graciela Giannettasio	Alfredo Atanasoff		José Ignacio de Mendiguren	Jorge Vanossi	Jorge Capitanich	Ginés González García	Anibal Fernandez
Duhalde	2002	17	Roberto Lavagna	Jorge Matzkin	Ruckauf	Jaunarena	Giannettasio	Graciela Caamaño		Mendiguren	Vanossi	Capitanich	González García	A Fernandez
Duhalde	2002	27	Lavagna	Matzkin	Ruckauf	Jaunarena	Giannettasio	Caamaño		Mendiguren	Juan José Álvarez	Alfredo Atanasof	González García	A. Fernandez
Presidency	**Year**	**Week**	**Finance**	**Interior**	**Foreign Affairs**	**Defense**	**Education**	**Labor**	**Social Development**	**Planification and Public Works**	**Justice**	**Chief of Cabinet**	**Health**	**General Secretary**
Kirchner	2003	20	Roberto Lavagna	Anibal Fernández	Rafael Bielsa	José Pampuro	Daniel Filmus	Carlos Tomada	Alicia Kirchner	Julio De Vido	Gustavo Béliz	Alberto Fernández	Ginés González García	Oscar Parrilli

Kirchner	2004	29	Lavagna	A. Fernández	Bielsa	Pampuro	Filmus	Tomada	A. Kirchner	De Vido	Horacio Rosatti	Al. Fernández	González García	Parrilli
Kirchner	2005	29	Lavagna	A. Fernández	Bielsa	Pampuro	Filmus	Tomada	A. Kirchner	De Vido	Alberto Iribarne	Al. Fernández	González García	Parrilli
Kirchner	2005	47	Felisa Miceli	A. Fernández	Jorge Taiana	Nilda Garré	Filmus	Tomada	A. Kirchner	De Vido	Iribarne	Al. Fernández	González García	Parrilli
Kirchner	2007	27	Miguel Peirano	A. Fernández	Taiana	Garré	Filmus	Tomada	A. Kirchner	De Vido	Iribarne	Al. Fernández	González García	Parrilli

Table A.2. Cabinets in Chile

Presidency	**Year**	**Economics**	**Interior**	**Foreign Affairs**	**Defense**	**Education**	**Labour**	**Health and Social Development**	**Transport and Telecommunications**	**Mining**	**Sec Gral of Government**	**Finance**	**Secretaría de la Presidencia**	**Planning and Cooperation**	**Public Works**
Aylwin	1990	Carlos Ominami PS	Enrique Krauss Rusque DC	Enrique Silva Cimma PRSD	Patricio Rojas DC	Ricardo Lagos PPD	René Cortázar DC	Jorge Jiménez de la Jara DC	Germán Correa Díaz PS	Alejandro Hales Jamarne PPD	Enrique Correa Ríos PS	Alejandro Foxley Rioseco PDC	Edgardo Boeninger PDC	Sergio Molina DC	Carlos Hurtado Ruiz-Tagle DC
Aylwin	1992	Jorge Marshall	Enrique Krauss Rusque	Silva Cimma	Rojas	Jorge Arrate McNiven PS	Cortazar	Jiménez de la Jara	Germán Molina Valdivieso	Hales Jamarne	Correa Ríos	Foxley Rioseco	Boeninger	Molina	Ruiz-Tagle
Aylwin	1993	Marshall	Krauss Rusque	Silva Cimma	Rojas	Arrate McNiven	Cortazar	Jiménez de la Jara	Molina Valdivieso	Hales Jamarne	Correa Ríos	Foxley Rioseco	Boeninger	Molina	Ruiz-Tagle

Presidency	Year	Economics	Interior	Foreign Affairs	Defense	Education	Labour	Health and Social Development	Transport and Telecommunications	Mining	Sec Gral of Government	Finance	Secretaría de la Presidencia	Planning and Cooperation	Public Works
Frei	1994	Álvaro García Hurtado PPD	Germán Correa Díaz PS	Carlos Figueroa Serrano DC	Edmundo Pérez-Yoma DC	Ernesto Schielfelbein	Jorge Arrate PS	Carlos Massad DC	Narciso Irureta DC	Benjamín Teplisky PRSD	Victor Manuel Rebolledo PPD	Eduardo Aninat DC	Genaro Arriagada DC	Luis Maira PS	Ricardo Lagos PPD
Frei	1994	García Hurtado	Carlos Figueroa Serrano PDC	José Mguel Insulza PS	Perez-Yoma	Sergio Molina Silva	Arrate	Massad	Irureta	Teplisky	José Joaquín Brunner	Aninat	Arriagada	Maira	Lagos
Frei	1996	García Hurtado	Figueroa Serrano	Insunza	Raúl Troncoso Rodriguez PDC	Molina Silva	Arrate	Massad	Irureta	Teplisky	Bruner	Aninat		Maira	Lagos
Frei	1996	García Hurtado	Figueroa Serrano	Insunza	Troncoso Rodriguez	Juan Jose Arellano DC	Arrate	Massad	Claudio Hohmann DC	Teplisky	Bruner	Aninat	Juan Villarzu PDC	Roberto Pizarro PS	Lagos
Frei	1997	García Hurtado	Figueroa Serrano	Insunza	Troncoso Rodriguez	Arellano	Arrate	Massad	Hohmann	Teplisky	Bruner	Aninat	Villarzu	Pizaro	Lagos
Frei	1997	García Hurtado	Figueroa Serrano	Insunza	Troncoso Rodriguez	Arellano	Arrate	Massad	Hohmann	Teplisky	Bruner	Aninat	Villarzu	Germán Quintana	Lagos
Frei	1998	García Hurtado	Figueroa Serrano	Insunza	Troncoso Rodriguez	Arellano	Arrate	Álex Figueroa	Hohmann	Sergio Jiménez	Bruner	Aninat	Villarzu	Quintana	Lagos
Frei	1998	Jorge Leiva PPD	Troncoso Rodriguez PDC	Insunza	José Guzmán PDC	Arellano	Germán Molina PS	Figueroa	Hohmann	Jimenez	Jorge Arrate PS	Aninat	John Biehl PDC	Quintana	Jaime Toha PS
Frei	1999	Leiva	Troncoso Rodriguez	Juan Gabriel Valdés	Edmundo Pérez-Yoma	Arellano	Molina	Figueroa	Hohmann	Jimenez	Carlos Mladinic	Aninat	José Mguel Insulza PS	Quintana	Toha
Frei	1999	Leiva	Troncoso Rodriguez	Valdes	Perez-Yoma	Arellano	Molina	Figueroa	Hohmann	Jimenez	Mladinic	Manuel Marfán	Insulza	Quintana	Toha
Presidency	**Year**	**Economics**	**Interior**	**Foreign Affairs**	**Defense**	**Education**	**Labour**	**Health and Social Development**	**Transport and Telecommunications**	**Mining**	**Sec Gral of Government**	**Finance**	**Secretaría de la Presidencia**	**Planning and Cooperation**	**Culture and Arts**
Lagos	2000	José de Gregorio Rebeco DC	José Miguel Insulza PS	Soledad Alvear DC	Mario Fernández Baeza DC	Mariana Aylwin Oyarzún DC	Ricardo Solari Saavedra PS	Michelle Bachelet PS	Carlos Cruz Lorenzen PS	Jorge Rodriguez Grossi	Claudio Huepe García DC	Nicolás Eyzaguirre Guzmán PPD	Álvaro García Hurtado PPD	Alejandra Krauss Valle DC	José Weinstein Cayuela PPD
Lagos	2001	Jorge Rodríguez Grossi	Insulza	Alvear	Fernández Baeza	Aylwin Oyarzún	Solari Saavedra	Bachelet	Cruz Lorenzen	Jorge Rodriguez Grossi	Huepe García	Eyzaguirre Guzmán	Álvaro García Hurtado	Krauss Valle	Weinstein Cayuela
Lagos	2001	Rodríguez Grossi	Insulza	Alvear	Fernández Baeza	Aylwin Oyarzún	Solari Saavedra	Bachelet	Cruz Lorenzen	Rodriguez Grossi	Huepe García	Eyzaguirre Guzmán	Álvaro García Hurtado	Krauss Valle	Weinstein Cayuela

Lagos	2002	Rodríguez Grossi	Insulza	Alvear	Michelle Bachelet PS	Aylwin Oyarzún	Solari Saavedra	Osvaldo Artaza Barrios DC	Javier Etcheberry Celhay PPD	Alfonso Dulanto Rencoret DC	Heraldo Muñoz Valenzuela	Eyzaguirre Guzmán	Mario Fernández Baeza	Cecilia Pérez Díaz DC	Weinstein Cayuela
Lagos	2003	Rodríguez Grossi	Insulza	Alvear	Bachelet	Sergio Bittar	Solari Saavedra	Pedro García Aspillaga	Etcheberry Celhay	Dulanto Rencoret	Francisco Vidal Salinas	Eyzaguirre Guzmán	Francisco Huenchumilla Jaramillo	Andrés Palma Irarrázabal DC	Weinstein Cayuela
Lagos	2004	Rodríguez Grossi	Insulza	Alvear	Bachelet	Bittar	Solari Saavedra	García Aspillaga	Etcheberry Celhay	Dulanto Rencoret	Vidal Salinas	Eyzaguirre Guzmán	Eduardo Dockerdorf Vallejos	Palma Irarrázabal	Weinstein Cayuela
Lagos	2004	Rodríguez Grossi	Insulza	Alvear	Jaime Ravinet de la Fuente DC	Bittar	Solari Saavedra	García Aspillaga	Etcheberry Celhay	Dulanto Rencoret	Vidal Salinas	Eyzaguirre Guzmán	Eduardo Dockerdorf Vallejos	Yasna Provoste Campillay DC	Weinstein Cayuela
Lagos	2004	Rodríguez Grossi	Insulza	Ignacio Walker Prieto DC	Ravinet de la Fuente	Bittar	Solari Saavedra	García Aspillaga	Jaime Estévez Valencia	Dulanto Rencoret	Vidal Salinas	Eyzaguirre Guzmán	Dockerdorf Vallejos	Provoste Campillay	Weinstein Cayuela
Lagos	2005	Rodríguez Grossi	Insulza	Walker Prieto	Ravinet de la Fuente	Bittar	Yerko Ljubetic Godoy	García Aspillaga	Estévez Valencia	Dulanto Rencoret	Vidal Salinas	Eyzaguirre Guzmán	Dockerdorf Vallejos	Provoste Campillay	Weinstein Cayuela
Lagos	2005	Rodríguez Grossi	Francisco Vidal Salinas	Walker Prieto	Ravinet de la Fuente	Bittar	Ljubetic Godoy	García Aspillaga	Estévez Valencia	Dulanto Rencoret	Osvaldo Puccio Huidobro	Eyzaguirre Guzmán	Dockerdorf Vallejos	Provoste Campillay	Weinstein Cayuela
Lagos	2005	Rodríguez Grossi	Vidal Salinas	Walker Prieto	Ravinet de la Fuente	Marigen Hornkohl Venegas	Ljubetic Godoy	García Aspillaga	Estévez Valencia	Dulanto Rencoret	Puccio Huidobro	Eyzaguirre Guzmán	Dockerdorf Vallejos	Provoste Campillay	Weinstein Cayuela
Presidency	**Year**	**Economics**	**Interior**	**Foreign Affairs**	**Defense**	**Education**	**Labour**	**Health and Social Development**	**Transport and Telecommunications**	**Mining**	**Sec Gral of Government**	**Finance**	**Secretaría de la Presidencia**	**Planning and Cooperation**	**Public Works**
Bachelet	2006	Ingrid Antonijevich Hahn PPD	Andrés Zaldívar DC	Alejandro Foxley Rioseco DC	Vivianne Blanlot Soza PPD	Martin Zilic Hrepic DC	Osvaldo Andrade Lara PS	María Soledad Barría Iroume PS	Sergio Espejo Yaksic PDC	Karen Poniachik Pollak	Ricardo Lagos Weber PPD	Andrés Velazco Brañes	Paulina Veloso Valenzuela PS	Clarisa Hardy Raskovan PS	Eduardo Bitrán Colodro PPD
Bachelet	2006	Alejandro Ferreiro Yazigi DC	Belisario Velazco DC	Foxley Rioseco	Blanlot Soza	Yasna Provoste DC	Andrade Lara	Barría Iroume	Espejo Yaksic	Poniachik Pollak	Lagos Weber	Velazco Brañes	Veloso Valenzuela	Hardy Raskovan	Bitran
Bachelet	2007	Ferreiro Yazigi	Velazco	Foxley Rioseco	Blanlot Soza	Provoste	Andrade Lara	Barría Iroume	Espejo Yaksic	Poniachik Pollak	Lagos Weber	Velazco Brañes	José Antonio Viera-Gallo PS	Hardy Raskovan	Bitran
Bachelet	2007	Ferreiro Yazigi	Velazco	Foxley Rioseco	José Goñi Carrasco PPD	Provoste	Andrade Lara	Barría Iroume	René Cortázar DC	Poniachik Pollak	Francisco Vidal	Velazco Brañes	Viera-Gallo	Hardy Raskovan	Bitran
Bachelet	2007	Ferreiro Yazigi	Velazco	Foxley Rioseco	Goñi Carrasco	Provoste	Andrade Lara	Barría Iroume	Cortazar	Poniachik Pollak	Vidal	Velazco Brañes	Viera-Gallo	Hardy Raskovan	Bitran

Bachelet	2008	Hugo Lavados Montes DC	Edmundo Perez Yoma DC	Foxley Rioseco	Goñi Carrasco	Provoste Campillay	Andrade Lara	Barría Iroume	Cortazar	Santiago González Larraín PRSD	Vidal	Velazco Brañes	Viera-Gallo	Paula Quintana Melèndez PS	Sergio Bittar PPD
Bachelet	2009	Lavados Montes	Perez Yoma	Mariano Fernandez DC	Francisco Vidal Salinas PPD	Mónica Jiménez de la Jara DC	Andrade Lara	Barría Iroume	Cortazar	Gonzalez Larraín	Carolina Toha Morales PPD	Velazco Brañes	Viera-Gallo	Quintana Meléndez	Bittar
Bachelet	2010	Lavados Montes	Perez Yoma	Fernandez	Vidal Salinas	Jiménez de la Jara	Claudia Serrano Madrid PS	Alvaro Erazo PS	Cortazar	Gonzalez Larraín	Pilar Armanet PPD	Velazco Brañes	Viera-Gallo	Quintana Meléndez	Bittar

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VITA

Manuel Elías Balán was born in Buenos Aires, Argentina, where he grew up. He attended the elementary school Instituto Independencia and went to high school at the Escuelas Técnicas ORT Argentina. He received degrees as Procurador (pre-law) and Lawyer at the Universidad de Palermo in June of 2002 and June of 2003, respectively. While being an undergraduate student, he worked as a Junior Researcher at the Department of Transparency Policies of the Anti-Corruption Office in the Federal Ministry of Justice and Human Rights of the Argentine Government. Upon completion of his Law Degree, he entered the doctoral program in Government at the University of Texas at Austin in August of 2003 as the recipient of a Latin American Studies Scholarship. As a doctoral student Manuel won several awards and fellowships, including two MacDonald Summer Fellowships (2009 and 2011), a University Continuing Fellowship (2007-2008), a MacDonald Dissertation Fellowship (2006-2007), a Tinker Foundation Travel Award (2005), and multiple Professional Development Awards (2006, 2007, 2008, 2009).

Permanent email: manuelbalan@gmail.com

This dissertation was typed by the author.